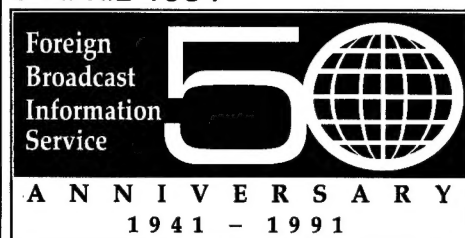
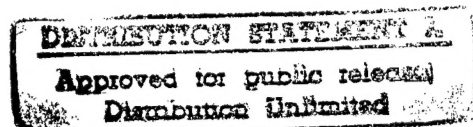


JPRS-UIA-91-005  
3 APRIL 1991



# ***JPRS Report***



## **Soviet Union**

### ***International Affairs***

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# Soviet Union

## International Affairs

JPRS-UIA-91-005

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**Canadian Proposal to Restrict Arms Trade Viewed**  
*91WC0066A Moscow PRAVDA in Russian 16 Feb 91*  
*Second edition p 5*

[Article by Vsevolod Ovchinnikov: "The Committee for the Coordination of the Export of 'Strategic' Goods from NATO Countries Along the Vertical?"]

[Text] The Prime Minister of Canada Mulroney recently came forward with an initiative which, in my view, is extremely interesting and urgent. He proposed to convene, within the framework of the United Nations, a worldwide summit meeting for the purpose of limiting the trade in military technology, and, above all, not allowing the proliferation of nuclear, chemical, and biological weapons, as well as ballistic missiles.

The seizure of Kuwait, which served to detonate the military conflict in the Persian Gulf, reminded mankind that the repudiation of the confrontation between East and West is capable of giving rise to a "threat from the South." The flow of weapons, which has become unnecessary in Europe, may gush into the developing countries, fanning old and igniting new regional conflicts. The bitter paradox consists in the fact that the multinational forces under the banner of the United Nations are fighting Iraq, which created its military potential with the participation of all five permanent members of the Security Council. It is only a pity that their so rare unanimity was manifested in the desire to arm Saddam Husayn, and not in the readiness to sacrifice these billions of dollars to fight hunger and disease.

On the other hand, at the time when the USSR and the United States are taking the first steps toward disarmament, and other industrial powers even if they only acknowledge the necessity to embark upon this path, the Third World continues to arm itself feverishly. The military budgets of the developing countries come to an average of six percent of their gross national product, which exceeds by a factor of six the expenditures for health, and by a factor of more than two the expenditures for education.

The detente between East and West is turning into a "pseudoconversion", that is the pumping over of masses of military equipment from North to South, from the developed to the developing countries. Thanks to the free access to the latest weaponry and the technology for its production, any aggressive regime can become a threat to its neighbors, to the entire world. How not to permit this?

I think the most urgent task is to fully prohibit chemical weapons, which thanks to their cheapness are sometimes called the "atomic bomb of beggars." The threats that are being heard from Baghdad concerning the use of poisonous substances reminds us of the necessity of completing more quickly the work on an appropriate international convention.

The treaty on the non-proliferation of nuclear weapons, signed in 1968 on the initiative of the USSR, the United States, and England, played a considerable role in curbing the arms race in this very dangerous sector. It has been joined by more than 140 states that have received international access to the peaceful use of the atom in exchange for an obligation not to produce nuclear warheads.

Things are worse with rocket weaponry. Only in 1987, the members of the "Big Seven" (United States, Japan, FRG, England, France, Italy, and Canada) decided to introduce limitations on the sale of ballistic missiles, as well as the technology for their production. In my view, it would be desirable for the USSR and the PRC to join this agreement officially.

However, even conventional military technology may become a threat to international security. One can only regret that in 1978 the Soviet-American negotiations on arms trade were broken off. Perhaps now, after the end of the "Cold War", the time has come to create something similar to the notorious Committee for the Coordination of the Export of "Strategic" Goods from NATO Countries. But already not in order to conceal from the East the scientific-technical achievements of the West, but in order not to permit the transfer of the arms race from the North to the South. The world summit meeting proposed by the prime minister of Canada would lead to a single channel of negotiation in regard to the various aspects of the problem. For this reason, the initiative of Mulroney, in my view, deserves support.



**RSFSR's Lukin on Republic's Foreign Relations**

91UF0580A Moscow MOSCOW NEWS in English  
3 Mar 81 p 11

[Interview with Vladimir Lukin, chairman of the Foreign Affairs and Economic Relations Committee of the Russian Supreme Soviet, by Nataliya Izyumova of MOSCOW NEWS; date and place not given: "Foreign Policy: the Russian Dimension"]

[Text] [Izyumova] Do relations with USSR Republics form part of your Committee's jurisdiction?

[Lukin] Yes. Today inter-republic relations are part of our home affairs on the one hand, and part of international affairs on the other. The situation has grown much more complicated since the events in Lithuania and Latvia. Two tendencies are distinguishable here. First, there is intense pressure from the Centre which causes further aggravation of all conflicts. Second, there is a chance to establish good-neighbourly relations between the Republics. Such horizontal connections rely on the recognition of each other's sovereignty and shared economic interests, and on the strict observance of human rights according to international standards.

Events in the Baltics have given a new impetus to the establishment of relations between Republics. A short time ago, the Chairman of Russia's Supreme Soviet signed agreements with Latvia and Estonia which comply with all these principles.

[Izyumova] How do you see Russia's foreign policy?

[Lukin] If we agree with the majority of Republics on setting up a structure to coordinate our foreign policy, that will be one course of action. A different course will be taken if we fail to agree. In the first case I favour the variant in which Russia's policy includes two aspects: the functions we delegate to the Centre and those we perform ourselves.

No doubt the Russian Federation ought to remain loyal to the treaties concluded by the Soviet Union, at any rate the important ones signed in recent times. I am completely in favour of delegating the issue of national security to the Union, but Russia ought to take part in realizing it. Russia ought to be represented in the Soviet delegations sent to certain international organizations, such as the United Nations.

But many international affairs ought to be managed by Russia independently. Our foreign policy strategy envisages giving up global strategies and replacing them with rational regional ones. The second objective is to bring our foreign policy closer to human needs, such as contacts, training and exchanges.

[Izyumova] What are Russia's chief foreign policy interests on the regional scale?

[Lukin] In my opinion, they lie in two areas. First, Russia will take part in building the new "common

European home", although our section of that home is likely to be bleak and uncomfortable for quite some time yet. Russia's chief interest in Europe is certainly Germany. It has become closer to us both literally and figuratively. Prospects are good and problems are many, of course. One of the problems we are working on now is the issue of the Kaliningrad (former Koenigsberg) Region and its development.

Another sphere of our activity is the Asian and Pacific region. World giants like China, Japan and America are all our neighbours. Russia's objective here is to have safe borders and maximum business activity. The role of Russia's Foreign Ministry is to resolve specific problems, for example, to simplify contacts, reciprocal visits, etc. We believe the Foreign Ministry could also undertake participation in all regional Pacific organizations, and conferences or negotiations on still unsettled territorial issues with China and Japan.

[Izyumova] What is Russia's position with regard to its citizens' unrestricted travel and emigration?

[Lukin] We would like to give our citizens maximum freedom. Of course that would lead to a considerable brain drain but there is no alternative here. I think we ought to emulate the Chinese and allow our people to work abroad, sending money back home. We ought to set up technical centres where qualified personnel with experience abroad could work at home, too.

[Izyumova] Depoliticization in the USSR Foreign Ministry is standing still, while a multiparty system is developing elsewhere in the country. What is your approach to this problem?

[Lukin] The leadership of Russia's Foreign Ministry has declared its employees' party activity to be a private affair during off-work hours. The only criterion in estimating individual performance is professionalism and good service towards the interests of the state. As far as this Committee is concerned, there are members of various parties represented here.

[Izyumova] Russia intends to have representatives in Soviet Embassies and missions abroad. How realistic is this prospect?

[Lukin] Competent diplomats, representatives of the "new wave", are currently stationed in many countries. At the same time the tendency to plant party functionaries in the diplomatic corps has not yet been thoroughly overcome, even though it is no longer done as openly and impudently as before. To this day there are fewer career diplomats in some missions than people recruited from other "departments". In some cases the ratio might be 30-70 and not in the diplomats' favour. This must be radically changed. Room must be made, specifically for representatives of Republics.

## Zlenko Details Ukrainian Foreign Ministry Functions

91UN1116A PRAVDA UKRAINY in Russian 2 Mar 91  
p 3

[Interview with A.M. Zlenko, Ukrainian SSR minister of foreign affairs, by unidentified UKRINFORM correspondent; place and date not indicated: "On Principles of Cooperation Based on Equal Rights"]

[Text] [Correspondent] Dear Anatoliy Maksimovich. The other day the mass media reported a meeting that was held in Moscow between foreign ministers of the Union republics and the USSR. The news, in my opinion, is very important, and I would like to find out some of the details.

[Zlenko] I share such an assessment of the Moscow meeting. I think that it can quite rightly become historical. And this is not an exaggeration. It all depends on whether all of the constructive opinions expressed there are transformed into decisions.

These opinions were concentrated on the need to find the optimal means of cooperation of the foreign policy departments of the republics and the Union under present conditions and to develop the kind of mechanism of cooperation that would promote the joint development and implementation of foreign policy. Participants in the meeting ascertained that the system that has existed until now is ineffective and obsolete, and that it does not fit the Union character of the state arrangement. It is not just a new search that is needed, but a speedy organization of the matter in a new way.

[Correspondent] What positions did the Ukraine set forth at the meeting, and what kind of proposals did it introduce?

[Zlenko] We proceed from the fact that our republic, as it is defined in the Declaration on the State Sovereignty of the Ukraine, will conduct the kind of foreign policy that will ensure its national interests in the political, economic, ecological, informational, scientific, technical, cultural, and sports spheres in the most effective way. The Supreme Soviet of the Ukrainian SSR is guided by this in its law-creating activity, and the Ministry of Foreign Affairs also proceeds from this. It was I who emphasized this in my speech at the meeting.

For the time being, our republic is not in a condition to realize immediately all of its sovereign rights in the sphere of foreign relations, for this requires more than financing, as appears at first glance. There is a need for well thought-out and scientifically based concepts that demonstrate the necessity and fruitfulness of establishing a particular set of bilateral or multilateral relations, and a study is needed of their mutual advantages and prospects. In addition, at the present stage consideration must be given to the reasons for the geopolitical

and economic order and the presence of specific stereotypes in the international community. Thus, the requirement arises today for a joint resolution of certain problems in international life, first and foremost those of a global nature. More specifically, questions could have been raised on a Union level: strategic armaments, disarmament, regional conflicts, outer space, global ecological programs and projects, and the world ocean.

Does this mean that the republic will be excluded from the process of making decisions on these questions? Not at all. If for no other reason than that it is a member of the United Nations. But who will decide these problems and also at first the important questions of bilateral relations of the Union? We think that this can be done only by a council of foreign affairs ministers in which there are both Union and republic leaders of foreign policy departments.

The functions of this council, besides the adoption of political decisions on the principal questions mentioned above, in our opinion could also include the coordination of the republics' foreign policy actions, the development of joint positions in the area of bilateral relations and in relations with economic organizations that have an effect on the interests of all republics, consideration of the candidacies of ambassadors to prominent countries, questions of the territorial integrity of the Soviet Union, and the like. We are not laying claim to the compilation of an exhaustive list, but we believe that indeed it should be exhaustive. So, all other questions outside its scope will fall exclusively within the jurisdiction of the republics.

This approach, in my opinion, will make it possible to utilize with maximum effectiveness the rich experience of the Union ministry and the existing foreign policy and foreign economic infrastructure, and it will contribute to the fullest and most harmonious consideration of the interests of the Union and the republics in the foreign policy sphere, and the protection of the specific interests of all republics and their common interests at the same time. Of course, this is only an idea, which was positively received at this meeting, and its implementation will depend in many ways on the definition of the legal framework of the conduct of foreign policy of the future Union.

[Correspondent] How were the proposals of the Ukraine perceived?

[Zlenko] In many cases, similar or approximate ideas were expressed by ministers of other republics. In almost all the speeches the main theme was the search for ways of effective implementation of the sovereignty of the republic in the sphere of foreign relations and forms of joint participation in the implementation of the foreign policy of the Union. For us, this is an indication that our understanding of the resolution of existing problems is not the local desire of beginning politicians but an objective necessity. This is also an indication that we are on the right path in the development of the concept of

the international activity of the Ukrainian SSR, which is based specifically on the aforementioned principles.

[Correspondent] Anatoliy Maksimovich, allow me a touchy question.

[Zlenko] Please.

[Correspondent] One has occasion to hear sometimes, and this is not only from nonprofessionals but also from highly placed government individuals and deputies at various levels: The Ukraine, they say, is not minding its own business, let it resolve its own domestic problems. As for foreign policy, it is not envisaged in legislation and, in addition, it will not have a practical return...

[Zlenko] Unfortunately, one has occasion to encounter such views. They indicate most of all that over the years the people, even state people, have been brought up on this kind of "narrow-minded" complex. I should mention that Article 80 of the currently active USSR Constitution states that a republic has the right "to enter into relations with foreign states, to conclude treaties with them, to exchange diplomatic and consular missions, and to take part in the activity of international organizations." This is also repeated almost word for word in Article 74 of the Ukrainian SSR Constitution, in which it is written: The Ukrainian SSR has the right to enter into relations with foreign states, to conclude treaties with them, to exchange diplomatic and consular missions, and to take part in the activity of international organizations.

Finally, I will also turn to the already cited Declaration on the State Sovereignty of the Ukraine and the Supreme Soviet decree on the implementation of the provisions of the declaration in the sphere of foreign relations. Consequently, the legal basis is quite adequate.

As for the requirements... All the countries of the world, from the very smallest to the largest, strive in a maximum way to expand their foreign ties: political and, after them, economic, trade, scientific, cultural, etc. This is done most of all for better support of national interests. Here is a straightforward example. Recently, a joint Ukrainian-Hungarian statement was signed at a high level which contains provisions about respect for territorial integrity, plans to promote trade exchanges, joint ecological and technological programs, etc. Thus, by this one international act alone we "economize," if it can be put this way, on a stable sociopolitical atmosphere in those regions that some would like to consider debatable, on the financing of projects for the ecological safety of the Carpathian region, and we jointly, and this again means "more cheaply," develop plans for the economic use of basins of border rivers and so forth. I assure our readers: Foreign policy is bilateral relations in particular. Of course, if they are open, scientifically reasoned, and humane, they are an extremely beneficial matter! And the fact that the Ukraine, of course not on its own initiative, practically did not take part in them could not fail to have had a negative effect on its development. This situation requires the quickest possible correction.

[Correspondent] Can we expect that matters will move ahead?

[Zlenko] I think that we can. This is indicated by the atmosphere of mutual understanding that reigned at the meeting of the ministers, and by the understanding and support with which Minister A.A. Bessmertnykh met the proposals of colleagues and, in fact, by the simple objective necessity for cooperation on the basis of equal rights, which alone can serve as the basis of a Union of sovereign states. It was recognized that the republics must come out onto the broad field of active foreign policy activity. It can be said without exaggeration that the Moscow meeting demonstrated the presence of a concerned approach of the ministries of the republics in the construction of a new Union and, at the same time, it was an example of how it would be possible for the Union republics and departments to search for the most optimal approaches to building new and mutually acceptable organizational Union structures.

### UN Conflict Caused By Cuban-U.S. 'Distrust'

91UF0570 Moscow IZVESTIYA in Russian 19 Mar 91  
Union Edition p 5

[Article by IZVESTIYA correspondent A. Kamorin: "Duel in Geneva"]

[Text] Havana—It is an annual event between Cuba and the United States at sessions of the United Nations Human Rights Commission. February and March are special months for Cuban foreign policy. This is not the first year they are marked with the "stamp of Geneva." It is in this peaceful city of Switzerland that heated diplomatic battles between Cuba and its "eternal enemy"—the name Cuban leaders have given the United States of America—have been played out with depressing regularity.

We are referring to annual sessions of the United Nations Human Rights Commission which take place traditionally in the spring. It must be stated that the sessions of this international organ have long borne the mark of confrontation between two systems. I do not believe it is necessary to remind the reader of the numerous campaigns exposing human rights violations in the socialist countries which the United States has unleashed in recent decades. The "Cuban theme" was muffled during that time since the main target was the USSR and its Warsaw Pact allies. Perestroika in our country and the transition to a new quality of East European state have radically altered the situation—Cuba and the United States are now virtually one on one.

This change in priorities is even reflected in the personnel composition of the American delegation in Geneva, which was headed by Armando Valladares, a former Cuban political prisoner. The appointment of one of Batista's policemen—later convicted on charges of terrorist activity, and undoubtedly having a personal score to settle with Cuban authorities—as Washington's

representative to the United Nations commission immediately imparted a special acuity to the "Cuban theme" and a special irritability to relations between the two delegations. In 1988, apparently striving to clear up this matter once and for all, the Cuban Government invited a delegation of the Geneva Commission to the island. The delegation's activity ended in the drawing up of a document which satisfied Cuba on the whole. But alas, expectations of a final resolution of the problem were not justified: The duel in Geneva continues.

Its current round did not wind up in Cuba's favor. The United States managed to collect enough votes to insert two modifications into the resolution on the human rights situation in Cuba, making it, as Raul Roa Kouri, head of the Cuban delegation stated, "absolutely unacceptable." There is nothing outwardly offensive in the modifications. One of them proposes the appointment of a special representative to observe the human rights situation in Cuba; the second instructs this representative to render a report on the results of his work within the framework of Point 12 of the commission's agenda, concerning human rights violations around the world.

Cuba's entirely temperamental reaction, declaring the resolution "anti-Cuban" and "base" can be explained to a great extent by its role in the commission. The fact of the matter is that the republic's efforts in Geneva are not restricted to a struggle against the intrigues of American imperialism. Having assumed the role of mouthpiece of the radical wing of Third World states, Cuba is consistently and heatedly exposing human rights violations in such countries as Israel, the Republic of South Africa, and El Salvador. To be put on the same "dock" with them, as the Cuban leadership considers Point 12 of the agenda, must inevitably be perceived by them as something unacceptable. Additionally, one must also keep in mind the fact that Cuba considers any attempt to bend it towards fulfilling demands emanating from Washington as an insult.

The situation is all the more distressing by virtue of the fact that the "duel in Geneva" has essentially no meaning. The United States and Cuba are proceeding from entirely different priorities in the sphere of human rights. The American side understands this term chiefly—if not exclusively—as civil, political rights, consecrated by such institutions of Western democracy as free elections, the multiparty system, and pluralism of views.

Cuban political doctrine, while not negating these concepts, subordinates them to socioeconomic rights. As the newspaper GRANMA published a few days ago in an article by journalist Felix Pita Astudillo entitled "Socialism—The Inviolable Totality of Human Rights for All Sons of Cuba": "Cuba could open up a faculty on human rights! Today, as they were three decades ago, the Cuban people are waging a winning battle against poverty, racial discrimination, unemployment, and all the ulcers passed down from capitalism and its market economy." Indeed, in the sphere of health care, education, and social

security, the republic has achieved impressive successes, and the market economy has been torn out from its roots here.

On the other hand, a multiparty system is viewed on the island as an impermissible luxury. The leading and directive role of the Communist Party is affixed in the constitution. Cuban leaders have stressed repeatedly that bourgeois pluralism does not suit the revolutionary process which has developed 90 miles from "the most severe and bloodthirsty empire mankind has ever known." Therefore the creation by a handful of intelligentsia of a "Cuban party for the protection of human rights" is seen here as a criminal act, for which its activists were recently convicted—but under full observance of the procedural norms envisaged by revolutionary legislation.

In view of such principled differences in the approaches taken by the sides, this dispute might continue any length of time, but entirely without result in the sense of getting nearer to the truth, while its ferocity grows. This is basically what is happening in Geneva. The United States can hardly seriously expect to achieve a condemnation of Cuba in the United Nations commission—if they had irrefutable evidence against the Cuban side they would long since have presented it. They can, however, earn points in the political game against Cuba.

First of all, "when you cut wood, splinters fly." The Geneva commission is not a boxing ring, and third countries have unavoidably wound up in the skirmish. Every year Cuba makes a scrupulous accounting of "ours" and "theirs." Countries belonging to the former category always receive words of gratitude—our two delegations, the USSR and Ukraine, for example, which always vote with Cuba on this issue. As for the others... When Poland, Czechoslovakia, Hungary, and Bulgaria turned up "on the other side of the barricade" from Cuba last year, Fidel Castro publicly termed this "abominable behavior." And it did not add warmth to relations between the former CEMA partners. Again Czechoslovakia and Hungary incurred Cuba's wrath when they voted for the American modifications.

The reaction to Argentina's voting was especially severe, however.

Cuba declares with complete justification that one of Washington's main goals is to effect the island's isolation in the world arena. Why then would they "get personal," thereby playing into the hands of their rival?

Secondly, Cuba's decision, as Raul Roa Kouri expressed it, "not to accept a single word" of the UN commission resolution once again assists the United States in attaining its goal—leaving the "Cuban question" open, accusing Cuba of violating the decision of an authoritative organ of the world community.

Is there any end to all this? I suppose it will continue until the very moment the United States and Cuba sit down at the negotiating table for the purpose of serious and unprejudiced discussion of the entire context of



their mutual relations, burdened with enmity and distrust over 30 years of confrontation. After all, the "duel in Geneva" is just one particular manifestation—albeit an extremely serious one—of this context. Cuba, incidentally, has repeatedly expressed its readiness in principle to engage in such dialogue. Is it not time to put the swords back into their scabbards?

### **RSFSR Foreign Ministry Official Interviewed**

91UF0571A Tallinn SOVETSKAYA ESTONIYA  
in Russian 16 Feb 91 p 3

[Interview with Dmitriy Ryurikov, chief of the treaty and legal department of the RSFSR Ministry of Foreign Affairs, by L. Turpakova; in Tallinn; date not given: "Joint Efforts Will Produce Results"]

[Text] As is known, an international conference on human rights ended in Tallinn recently. Dmitriy Ryurikov, chief of the legal and treaty department of the RSFSR [Russian Soviet Federated Socialist Republic] MFA [Ministry of Foreign Affairs], participated in the conference. He has been with the ministry for a short period of time. Previously, he worked at the International Law Administration of the USSR MFA. He is 43 years old, and a graduate of MGIMO [Moscow State Institute of International Relations].

[Turpakova] The Union MFA—the RSFSR MFA... Can this switch be viewed as a demotion?

[Ryurikov] I would not call this a promotion or a demotion; it is just switching from one job to another job, which is similar to the previous one on some scores, but at the same time is very different from it, because the functions of the RSFSR MFA differ substantially from those of the Union ministry.

In my new capacity, I happen to attend to very interesting matters associated with relations between Union republics. For example, Russia and Estonia have recognized each other as subjects of international law.

[Turpakova] Is this to say that your operations do not transcend "the framework" of the republics?

[Ryurikov] Our ministry does "transcend" the framework of the republics. The RSFSR is entitled under the law to establish diplomatic relations with other states and sign agreements. This right, which was proclaimed by the latest constitution, as well as the previous one (I mean the "Stalin" constitution) was not actually exercised.

[Turpakova] Why?

[Ryurikov] It was a strictly declarative right. The center itself was the only one to perform all functions. Now that the republics are acquiring a new status, it is natural for them to exercise their legitimate rights. The task of the treaty and legal department is to facilitate the introduction of a new basis for practical relations between the RSFSR and other states (in particular, Estonia with

which we have relations as with a state, and the Ukraine, Latvia, Kazakhstan, and Belorussia), as well as other republics which are yet to go their own way.

[Turpakova] Why does a MGIMO graduate engage in legal, in essence, juridical activities?

[Ryurikov] International law is one of the most important fields of diplomacy. This means codifying in the form of treaties, so to speak, fundamental relations between states, as well as relations affecting some individual fields. Treaties are a significant part of diplomacy.

[Turpakova] Why did you turn up at a conference on human rights specifically in Tallinn?

[Ryurikov] Why is the conference being held in Estonia? Apparently, the Estonian state and the Estonian Government considered it necessary to enlist experts on human rights and international law in general with an international standing (I will note that human rights are an important segment of international law), to seek their advice, and, perhaps, to clear up some problems for itself. Striving to enlist experienced experts in order to review one's problems is very favorable.

The RSFSR MFA and the Supreme Soviet of Russia received an invitation. It was resolved that I should go because one of the areas of international law is at issue.

[Turpakova] As you see it, can issues concerning human rights arise in Estonia? Your view as, let us put it this way, a detached observer?

[Ryurikov] In all honesty, it is difficult and hard to respond... I may discuss what we saw in these days, but only taking into account the fact that the experts who have come together in Tallinn are not an official delegation of some kind. We have come in order to familiarize ourselves and attempt to understand how the government of Estonia sees these problems. We do not at all claim the role of some commission for finding and studying facts. The experts will merely state their considerations regarding the data and legislative acts submitted by the government of Estonia, and will share their impressions.

I would like to hope that Estonia will not have to encounter serious problems with either civil or political human rights, and that the rights of all citizens of Estonia without exception, as well as those of the citizens of other states, including the RSFSR, will be respected and observed.

[Turpakova] Specifically how did you participate in the conference?

[Ryurikov] I spoke several times. We had an opportunity to ask questions in Kohtla-Järve, at a meeting with representatives of various political movements in this city. This was an interesting meeting which representatives of the city authorities also attended.

We got the impression that there are no problems with human rights. They say that Yeltsin has taken incorrect steps regarding the Russians in the Baltics... However, we did not perceive this. We should also say that those who participated in this meeting likewise confirmed that there have been no petitions of any kind regarding ethnic discrimination, discrimination in a variety of fields. No such petitions to either city or judicial authorities have been registered.

In all honesty, the accusations voiced did not appear convincing and adequately well-grounded to our colleagues from the Scandinavian countries either.

This is why I believe that the problems will disappear all by themselves if the local authorities and the government make some further efforts to ensure, shall we say, confidence in the future on the part of the segment of the Russian-speaking populace which, based on all criteria, may receive citizenship in the not-so-distant future (pursuant to the Law on Citizenship).

[Turpakova] On one occasion, the recent USSR Deputy Prime Minister S. Sitaryan said this: "I view human rights as a notion which fits state interests rather than as an abstract end unto itself." How do you interpret human rights?

[Ryurikov] Human rights are definitely in the interest of the state, and it is the task of the state to enforce them. However, the state should also be prepared to see the actions of its organs or officials investigated, and in this case the state will have to pay damages to an individual whose rights were affected or encroached upon.

Unfortunately, such practices are very uncommon indeed in our country. I believe that this is an issue for the future; to be sure, it is hard to say how distant this future is. Perhaps, the substantive development of a system of human rights is a matter of more than three or five years, if it is to attain some kind of standard, an international standard. However, the sooner it happens the better it is, of course. All the people will undoubtedly feel safer and more confident. This confidence may only be instilled through a perception of firm guarantees against arbitrariness and incorrect actions by the state organs.

[Turpakova] In your opinion, what human rights referred to in the Universal Declaration adopted by the UN General Assembly in 1948 have been and are being violated in our country? If you do not believe so, why?

[Ryurikov] Specific cases filed with the courts and various superior echelons are needed in order to discuss the topic of human rights violations. We have very few such cases in the Soviet Union. However, this is not to say that the situation with human rights is favorable because the system itself has not developed and worked out. The population is not aware of its rights which, in principle, everybody should be familiar with, because we have joined the main international acts concerning human rights, and it is the duty of the state to disseminate these acts.

This is why I believe that it is difficult to discuss this topic.

[Turpakova] To your mind, what does the notion "violation of human rights" include?

[Ryurikov] For example, this is where ethnic discrimination may belong. However, proving the existence of such discrimination is, once again, quite complex. Discrimination may be expressed in various forms, such as housing and employment...

[Turpakova] Insults?

[Ryurikov] ...Insults as well.

[Turpakova] What can you say by way of summing up the results of your visit to Estonia?

[Ryurikov] I would like to note the genuine effort of the government of Estonia to build a rule-of-law state in which human rights are respected. I would like to repeat that we have not seen current violations of human rights. However, we have felt the concern of the Russian-speaking populace about their future. Of course, our Estonian friends will have to allay these concerns in order for the Russian residents to have confidence in the future which will not bring some kind of discrimination. Perhaps, certain steps in this direction, aimed at explaining the acts and laws adopted, have turned out to be inadequate. Additional efforts and major work are required in this sphere.

[Turpakova] You have mentioned concern about the future. Were apprehensions and specific facts brought up?

[Ryurikov] Yes, they were. Not that they were substantiated reproofs, they were rather emotional statements. On the whole, there is concern.

[Turpakova] Do you personally have confidence in the future?

[Ryurikov] I am hopeful about the future as a resident of the RSFSR and Moscow. However, there is no absolute guarantee that everything will happen the way I and many others want it. Actually, everything depends on our efforts.

[Turpakova] How is this hope expressed?

[Ryurikov] Hope is in ourselves; it is hope that our joint efforts may bear fruit and produce perceptible results. This is my opinion.

[Turpakova] The conference is over, and that is it. Or is it?

[Ryurikov] I think that the conference will have a continuation. Despite the fact that nothing has been said about this, it appears that this is what the attitude of the conference sponsors is, because they have stated their desire to use the experience of experts and to tap the experience of international law for building a rule-of-law state in Estonia. Consequently, regular contacts and continuous purposeful actions will become necessary, which may only be ensured if mechanisms operating on a regular basis are successfully created. I believe that regular international communications are going to be very useful for Estonia.

### Official Views Legal Provisions for Foreign Economic Activity

91UF0534A Moscow IZVESTIYA in Russian 4 Mar 91  
Union Edition p 3

[Article by I. Demchenko: "Foreign Economic Activity: What Can and Cannot Be Done"]

[Text] A scientific and business conference entitled "Organizational and Legal Support for the Foreign Economic Activities of Enterprises" took place on 27-28 February in Moscow. It discussed the new rules for state regulation in a package of draft bills that is currently being reviewed in the USSR Supreme Soviet. The opening report on this subject was given by I. Ivanov, deputy chairman of the State Foreign Economic Commission.

#### Can the Ruble Be Converted?

Until now, questions of regulation of currency in our country have been decided exclusively using normative departmental acts. The first law in this sphere has just been adopted, and one of its main goals is to ensure that Soviet currency becomes correlated to the currencies of other countries and achieves convertibility as quickly as possible. The establishment of multiple ruble exchange rates—that is, the simultaneous existence of four exchange rates for one and the same ruble against one and the same foreign currency—should be ended. The so-called official and special exchange rates will be the first to disappear. The commercial exchange rate and the rate that is established at currency auctions will remain for some time. With time they will become closer, and the exchange rate of the ruble against freely convertible currencies will be the same for everyone, changing, as in every country, depending on the world market situation and the domestic situation.

Of course one wishes to achieve convertibility of our domestic currency as quickly as possible. But it is quite apparent that the ruble cannot be any healthier on the world market than it is at home. The concept of a transition by degrees to convertibility that is proposed in the draft bills stipulates achievement of the desired goal by 1992, which in the final analysis is not such a very long time.

Recently an aggressively propagandized concept made its appearance, proposing that so-called partial convertibility of the ruble be introduced immediately. An obligatory condition for this will be the sale to authorized banks of all foreign currency proceeds by those people who have earned them, with the opportunity granted to anyone to later purchase as much foreign currency as he needs at an auction. Despite all the partial attractiveness of a concept of partial convertibility, it has several very serious deficiencies. It is enough to recall how difficult it has been for enterprises to endure this year's obligatory 40 percent tax on foreign currency receipts—one can imagine their reaction to an order for a 100 percent sale of foreign currency to the state. Those sectors that

especially need foreign currency—for example, light industry and the food industry—will hardly be able to buy it at the market exchange rate. Finally, under such an allocation the republics lose a portion of their own foreign currency earnings. The advantages of partial convertibility cannot compensate fully for these and other deficiencies.

#### What Will Exporters Be Permitted To Do?

As soon as our economy is ready to become a market economy, it should become an economy of the open type, that is to say it should develop in relation to the world economy. The Soviet domestic market should be open to foreign competition; domestic prices, at least in their proportions, should be oriented toward world prices, and the main machines of economic activity—the enterprises—should have the broadest rights in foreign economic activity.

The most unpleasant result of our domestic problems consists of the fact that the volume of the country's foreign trade turnover is declining. The structure of exports is practically not changing at all: We continue to export oil, metal, wood, and natural fertilizers for the most part as before, even though export of completed output is being encouraged in every way possible. Many people complain of the limitations connected with the licensing system. However, for example, very little machine-building output, which in principle is not even licensed, is exported either.

Incidentally, we are the only country in the world that licenses practically every piece of export. The rest of the states, on the contrary, license imports for the most part. Specialists assert that over the last 10 years the United States, for example, licensed the export of only one product for nonpolitical reasons—that is to say not as a result of Cocom [Coordinating Committee for Multilateral Export Controls] guidelines—soybeans in a poor harvest year.

In our country more than 90 percent of articles of export are licensed. Some 58 organizations have the right to issue permits, and they have no criteria for making their decisions aside from their own common sense. A majority of these organizations are almost monopolists in the export of the product "entrusted" to them for licensing, that is to say they are vitally interested in not letting their competitor into the foreign market. Is this not one of the reasons for the widely held public opinion that we must not export anything out of the country that we need ourselves? And inasmuch as we are presently in need of everything, then according to that logic there is simply nothing to export. Examples were cited at the conference of how hundreds of thousands of pieces of leather are rotting—the organizations will not issue a license for export because the leather industry is in need of raw material. Scrap metal rusts: Instead of collecting and processing it, they have limited its export. The foreign economic situation that exists today is in many

ways a result of exactly this philosophy of denying others what one cannot even use oneself.

According to the new system contained in the draft bills being examined, no more than 15 goods of all-Union significance will be licensed. And Union quotas for export will be shared among the republics that produce the goods, which will apply them to the enterprises. Republic-level licensing will be permitted as previously, but it apparently will soon disappear by itself. If only because under the conditions of sovereignty a license will be valid only on the territory of a given republic and cannot compel anyone to do anything beyond the borders of the republic.

#### **What Can Be Done With Foreign Currency That Has Been Earned?**

The draft bills that have been prepared significantly broaden the rights of the republics to form their own foreign currency funds, attract foreign currency loans, and regulate the activities on their territory of organizations, including banks, that take part in foreign currency operations. Currently there are 25 such banks, but their number will increase significantly. The USSR Bank for Foreign Economic Relations will take on commercial status and will become only one of many, although by virtue of its status it may carry out specific commissions from the government.

The question was raised of the possibility of disclosing the accounts of enterprises and Soviet citizens in foreign banks. Yes, answered the specialists, measures are usually taken in those instances where income is hidden in this fashion from taxation and the state. This is done, of course, without the help of Interpol: Tax organs get in contact with the analogous services of the states where they suspect the money may be invested, and they inform them of it. In these instances fiscal organs have the right to count on assistance in exposing violators, whose transactions are no longer preserved as a "bank secret."

#### **What the Game Rules for Foreign Partners Will Be**

It is already quite clear that life "on credit," which our country is gradually beginning to become accustomed to, is a dead-end trend in foreign economic cooperation. The use of foreign loans, as a rule, is connected with consumption and not production. To put it simply, we are gobbling up loans. No other country "disposes of" foreign investments in a similar fashion—loans should, in the first place, go directly into production; in the second place they should be accompanied by new technology and administrative experience; and in the third place they should be zealously monitored by those who hold them, from the point of view of the effectiveness of their use.

The draft bill on foreign investments in the USSR is, perhaps, the most "unfinished" bill of the entire foreign economic package, although it is even possible to speak about it with a great degree of certainty. As soon as we begin to speak about an economy of the open type, and particularly about the need to attract foreign currency into the country, it is necessary to present foreign participants with a uniform system of activities on the Soviet market. As everyone knows, some recent legislative acts have evoked serious alarm from foreign partners. As a result, the package of draft bills which the Union parliament is examining contains guarantees protecting the rights and interests of foreign participants in economic activity in the USSR.

It is clear that the creation of conditions that are not even highly favorable but merely normal for participants of foreign economic activities is a not a matter for the immediate future. But the adoption of the package of market laws in this sphere and the upcoming restructuring of organs of administration should, one hopes, lead to positive changes.

#### **Council of Ministers Decree on Joint Venture Tax Rates**

91UF0559A Moscow *EKONOMIKA I ZHIZN* in Russian  
No 8, Feb 91 p 20

[Council of Ministers Decree on Joint Venture Tax Rates: "On Turnover Tax Rates for Joint Ventures: January 19, 1991 USSR Council of Ministers Resolution No. 52"]

[Text] The USSR Council of Ministers resolves:

1. To establish that joint ventures created on the territory of the USSR with the participation of Soviet juridical persons, foreign juridical persons or foreign citizens, and their branches while selling goods (food) that they themselves have produced on the territory of the USSR for Soviet rubles will pay, beginning on January 1, 1991, turnover tax rates on retail (contract) price turnover with the deduction of sales discounts and transportation costs in amounts in accordance with the appendix.
2. The turnover tax rates mentioned in Paragraph 1 of this resolution will be applied to turnover based on bills for goods (food) that have been shipped since January 1, 1991.
3. Turnover tax payments by joint ventures established on the territory of the USSR with the participation of Soviet juridical persons and foreign juridical persons or foreign citizens are conducted in accordance with the Provision on the Turnover Tax that was approved by a USSR Council of Ministers Resolution No. 1358 dated December 29, 1990.



## APPENDIX

**Turnover tax rates on goods manufactured by joint ventures established on the territory of the USSR with the participation of Soviet juridical persons and foreign juridical persons and foreign citizens.**

| Goods Names  | Turnover tax rate amounts in percentages of retail (contract) price turnover with the deduction of sales discounts and transportation costs |
|--|---|
| Computers  | 10  |
| Cotton and woolen cloth and items made from plastic  | 20  |
| Leather shoes (except children's). Nonwoven textile materials, man-made leather, gold jewelry without stones and gold items with semiprecious (including synthetic) or other stones, and delicacies made from valuable types of fish and seafood, with the exception of Baltic salmon, salmon, and processed beluga [white sturgeon] | 25  |
| Refrigerators, watches, perfume and cosmetics, and porcelain and glazed pottery items  | 30  |
| Silk fabric (except for cloth made from natural silk) and beer   | 40  |
| Carpets, man-made fur, video and audio cassettes, automobiles and spare parts for them, blown and extruded crystal items, hosiery made from man-made or synthetic thread or yarn, silver items, sturgeon or salmon caviar, champagne and sparkling wines, alcoholized wines, and cognac  | 50  |
| Gold jewelry with precious stones and with precious stones combined with semi-precious or other stones   | 70  |
| Liquor and vodka   | 90  |
| Other food and nonfood goods on which Soviet enterprises pay a turnover tax  | 15  |

**Tarasov Account of Istok Raid Disputed**

91UF0446A Moscow SOVETSKAYA ROSSIYA  
in Russian 6 Feb 91 First Edition p 2

[Article by A. Kovalev: "A Morning and Day from the Life of Entrepreneur Artem Tarasov"]

[Text] In Saturday's issue of IZVESTIYA, A. Tarasov, manager of the foreign economic association Istok—he is also a deputy of the RSFSR [Russian Soviet Federated Socialist Republic] and a member of the Executive Committee of the Moscow City Soviet—loudly and valiantly told us about a new offensive reaction in the country.

Starting on the morning of 27 January, law enforcement organs began to show an interest in the activity of the association that he heads. This was done, asserts A.

Tarasov, in response to his bold denunciation of the insidious plans of the higher leadership of the country. The denunciations, it is true, were made a little later, during the day of 27 January. But the insidious empire delivered a retaliatory strike beforehand!

An extremely curious "report" was promulgated by our entrepreneur! And it is presented in such a way that the reader who does not compare the dates, events, and people could easily be led to the conclusion that the Kremlin is persecuting Tarasov for his civic and political courage, and because he opened the public's eyes.

However, the reader who compares the dates and facts of the "special report" will find that the actions of the law enforcement organs in the verification of certain aspects of Istok's activity began before and not after A. Tarasov's denunciation! Taking this into account, the firm house of cards carefully constructed in the "report" falls apart completely. It is not possible to refrain from citing this pearl of political misrepresentation of the chronicle of current events.

"All these actions (which began on the morning of 27 January, according to the statement by Tarasov himself—A.K.) are nothing other than a reaction (why reaction?—A.K.) to my speech of 27 January, which exposed the plans of the country's leadership to eliminate the free market economy (How is it possible to eliminate something that does not yet exist?—A.K.) and democracy in Russia."

Thus, all it took, neither more nor less, was for the law enforcement organs to become interested in Istok's affairs and democracy fell under a threat! You read such a universal accusation, which was disseminated with fantastic newspaper speed across the country by an organ of that very same "reactionary leadership"—the newspaper IZVESTIYA—and you begin to sympathize with the fighters for national prosperity. But when you compare dates, the simple question arises: But where is there in this story whose reaction it is? If the militia appeared at the Istok establishment on the morning of 27 January, but Tarasov made his "denunciations" during the day, then who is reacting to whom: The leadership of the country to Tarasov's denunciation, or Tarasov to the appearance of the militia?

Moreover, A. Tarasov's reaction is exceptional. As if, among other things (A. Tarasov writes "incidentally"), Istok's central office closed down, its employees took to their heels, and scattered briskly "by a decision of the management" on a regular winter vacation. "We practice this in our office," Tarasov explains. And, apparently, always "incidentally." In an extremely well-coordinated way the employees in the office refuse any contacts with law enforcement organs. All of this is being done despite the fact that Istok's manager received from highly-placed militia chiefs, to whom he appealed, confirmation of the authority of the militia employees.

Finally, the last thing. "You need not consider the fact that I am a people's deputy of the RSFSR," A. Tarasov

says with distress in the final part of his statement. Why "need not?" The militia is obliged to consider this, and it is considering it—the statement does not cite any facts that the immunity of a deputy was violated.

The militia is checking up on the firm and its business, and it is making, or more accurately it is trying to make contact with its employees, presenting in the process properly drawn-up documents and authorizations. But A. Tarasov, it seems, believes (and this is where the main pathos of the letter is) that the right of immunity also applies to the organization he heads and to all subordinates! Thus, who is not taking whom into consideration? A militia that is not taking the immunity of the deputy into account (it has not even gone to him yet), or A. Tarasov, the manager of the foreign economic association Istok, who is not allowing any of the procedures provided for by the law?

### **Brazilian, Soviet Bank Deposit Restriction Policies Assessed**

91UF0567A Moscow IZVESTIYA in Russian  
16 Mar 91 Union Edition p 5

[Report on interview with Brazilian economist by IZVESTIYA correspondent M. Kozhukhov in Rio de Janeiro; date not given: "Should We Freeze Bank Accounts?"]

[Text] **Brazil reacted with some ironic sympathy to the news about the restrictions placed on deposits in savings banks in the Soviet Union. There was a reason for this: now we have become "fellow sufferers," so to say...**

A similar "bank robbery"—this term belongs to the Brazilian press, not to me—served as the beginning of an anti-inflation campaign started by President F. Collor de Mello in March last year. I think it affected Brazilians worse than it affected us.

Their bank accounts were completely frozen for a term of 18 months and every depositor, whether the owner of a modest passbook or a major firm, had the right to use, as they wished, not more than 50,000 cruzeiros. At that time this sum equalled approximately \$500.

Is this much or is it little, given the Brazilian concepts of rich and poor? It turned out to be quite sufficient to make the whole country moan a bit. For passbook owners this measure became just a temporary suspension of "the Brazilian dream"—to purchase a house or a car; but for the firms it was all a lot more serious. The firms were unable to pay their workers and sent them on mandatory furloughs while they slowed down production. Supermarket owners got panicky as the sales volume dropped by 40 percent.

As for the "confiscated" money in the accounts, it totaled about \$100 billion—about two thirds of the entire money volume in circulation. At first glance the immediate result of the "robbery" seemed beneficial. Inflation, which had risen to the incredible peak of 85

percent a month before F. Collor's inauguration, dropped down to a quite-tolerable 12 percent by summer.

So, where are the Brazilians now, a year later, and how do local finance experts view the efficiency of similar measures for the USSR economy?

In short, the bank account freeze has brought "catastrophic" consequences to the Brazilian economy, and there is no reason to believe that it might turn out differently in the USSR. This is the point of view expressed by Ibiratana [name as transliterated] Jorio de Souza, doctor of economics and professor at the Brazilian Money Market Institute.

[Jorio] When the government freezes bank accounts, it just admits its own financial helplessness. This step serves to prove that the government is incapable of covering the internal debt or of decreasing the state budget deficit. However, from the point of view of economics, the logic of such methodology will forever remain a mystery. What did the government expect to achieve when it stuck its hand into Brazilians' pockets? To stop inflation? But as early as December inflation exceeded 20 percent and the rate of its growth, against the background of a record decrease in production, was so high that it threatened to render meaningless all the sacrifices made by the country. Such a drop in GNP—almost five percent—has not been seen even once in several decades!

This should have been expected. To think that inflation can be slowed by removing all printed money from circulation is a mistake befitting an economics student. The money put into an account has already done its job, whether good or not with respect to its influence on the inflation. Depreciation of the national currency can be stopped by one single method only—by stopping the printing presses. Emission should be suspended until prices are stabilized.

To achieve that, however, the Central bank has to be an independent institution, as in Germany or Switzerland, for instance. But in the case of both of our countries the government itself is standing by the printing press and the Central Bank accepts the budget deficit as a given. The bank continues to finance it by putting into circulation more and more money, which costs less and less from day to day.[end Jorio]

In spite of the categorical style of I. Jorio's pronouncements, it is hard not to agree with him in one respect: 80 percent of all the "frozen" money in Brazil was already back in circulation some three or four months later. The shock of the measure was so strong and the threat of recession so real that the government had to back off and allow the banks to open loans for wage payments. Besides, passbook owners started grumbling instead of moaning and an exception had to be made for individual accounts also. It was allowed to use the "confiscated" accounts to pay medical expenses and income taxes or to finance the construction of private homes; retirees were also allowed to withdraw certain amounts of money. These and other favors resulted in canceling the entire effect of the "robbery." There was not more than \$20

billion left in the frozen accounts, but the emission of new money continued to grow constantly. It reached a record high of over 38 percent last February alone.

But this is far from being the entire problem either, in the opinion of the professor. Such measures are harmful because they destroy the depositors' trust in the very mechanism of saving money. People stop relying on the government and prefer to invest in real estate, goods, and currency. In doing this they cause a consumer demand boom and rob the country of the possibility of growth.

[Jorio] It is well known that the "saved" money is indispensable for the economy; no investment is possible without it. During the 1970's, the best years of the "economic miracle" in Brazil, the total amount of bank accounts equalled about 25 percent of GNP. That was considered a good indicator. At present, the total of the accounts would barely make 15 percent. An expansionist money policy, together with inflation, holds out the temptation of a possibility of an easy gain at the money or gold market, for instance, which is much more profitable than investing in the construction of a factory which will return the investment only years later.[end Jorio]

This is, of course, a simplified outline, he says. The existence of savings accounts and a low rate of inflation should be fortified also by effective laws aimed at stimulating initiative.

[Jorio] I am not talking about an ideal, laboratory model of a market economy—it does not exist in nature. I am talking about the minimum conditions for production and consumption. In this case economic agents know that the political system works efficiently and the government stays away from the economy and does not change "the rules of the game" every hour. In this case people do not fear waking up in the morning and learning about still more government attempts to stop the budget holes at their expense.

[Kozhukhov] Does this mean, in your opinion, that bank account restrictions will not bring the desired results in the USSR either?

[Jorio] I am getting an impression that the Soviet Union's most serious problem is in the fact that you started on your way before you decided specifically where you want to go. If you want to rescue socialism in this way, I am ready to admit that this decision has some meaning. But if you think that a market economy can help you settle your problems, then this measure becomes a totally antimarket one. It contradicts the principles of a rule-of-law state from the legal point of view. It cannot be explained from the technical point of view. As you can see from Brazil's example, from the point of view of future economic growth it is a serious mistake which is hard to correct. The market cannot make savings or restrict itself when ordered by the ministry of finance, because in that case it ceases to be a market.

Is it possible that your economists were planning to arrest inflation? But as we have already mentioned, this problem should have been approached from the opposite end, by

cutting down on unproductive expenses on the upkeep of the government, of your endless ministries. Prices should be freed too, of course, and the sooner the better. That should be done at the same time as privatization, not after it, because free prices are a necessary condition for an even partially privatized economy. You need not dramatize the possible consequences of this: The market has a powerful self-regulating force. Moreover, while you are restraining prices at the moment, under the pretext of social fairness for the people, you doom these people to greater unfairness in the future, because prices will inevitably follow their own course and disorganize the economy even more strongly.

[Kozhukhov] But there is hope, however, that even a partial freeze of bank accounts will hinder the shadow economy, is there not?

[Jorio] Let me answer with a question: Will this measure make your life better or not? Why do you think the government should solve its problems at your expense? It is having trouble with the shadow economy—that, of course, is very sad. But what does all this have to do with your money, earned by hard work? There are many ways to resolve this problem through regular legal channels, by setting up special tax and other limitations to legalize this sector, to bring it "out of the shadow" and into "the light."

[Kozhukhov] One more problem exists in the USSR: the "pressure" of "hot" money on the consumer market, which gives rise to frenetic buying under the conditions of total shortages. Is it not true that the restrictions put on personal bank accounts allow this pressure to be relieved?

[Jorio] This measure will possibly allow your minister of finance to bring some order into his affairs for some short period of time. But then again—will it add goods to the store shelves, will it make life easier for someone who is making the rounds of the stores looking for food? If, as a result of it, an individual cannot spend his own money on whatever and whenever he pleases, then such a measure becomes antipopular in its essence. The purpose of the government is not to make life easier for itself, it is to make it easier for you. Is money pressuring the market? Make it possible for the people to spend it, to buy land, a house, or a shop.

It goes without saying that the decades of the government's total intervention in the economy must have created very strong conservative tendencies and that they are hindering such a development of events. Government intervention inevitably breeds an elite, which loses ground when the economy is liberalized. This does not happen in your case only, it is the same in Brazil: Brazilian entrepreneurs are used to protectionism, they are not familiar with competition, and very often they are just as lazy and just as afraid of the real market as your bureaucrats are.

It is a different story that liberalizing the economy is a serious matter and it would have been naive to expect an easy victory on this road. But that is the only way to avoid a situation in which a dozen politicians are making decisions for millions of people about when and how much they can spend of the money earned by them.

### Background of Bering Sea Pact Reviewed

91UF0573A Moscow SOVETSKAYA ROSSIYA  
in Russian 22 Mar 91 First Edition p 4

[Article by S. Karev, head of a department of the USSR Foreign Ministry International Law Administration: "Does the Bering Sea Still Have Secrets? Having Ceded Quantity, We Gained Quality"]

[Text] On 7 February SOVETSKAYA ROSSIYA published an article by Yu. Katasonov entitled "Secrets of the Bering Sea," which criticizes the Soviet-American agreement on the line of demarcation of the seas signed on 1 June 1990. In this issue we continue the discussion with the reader on this subject.

I have regretfully to note that the analysis of both the document and the circumstances connected with its elaboration made by the author is based mainly on distorted or simply incorrect information. It is a pity that he did not deem it necessary to check the information obtained from other sources in the USSR Foreign Ministry. The article would then most likely not have contained the statement that the map appended to the agreement "was prepared by the American side, and our side simply accepted what was offered it." The truth is that no map is appended to the agreement. And this is very easily verified by a glance at the Soviet copy kept in USSR Foreign Ministry archives.

The author of the article maintains that the conclusion of the agreement was preceded by 13 years of negotiations and that their purpose was delimitation "of the parties' sovereign rights to the resources of the waters and essentially also the bed of the Bering Sea (the Chukchi Sea and the Northern Arctic Ocean were subsequently incorporated within the framework of the negotiations also)." Close to reality, but only close.

What was the actual situation? An ordinance of the USSR Council of Ministers was issued on 24 February 1977 which determined that the outer limit of the Soviet 200-mile fishing zone "will be: **in the Bering and Chukchi seas and the Northern Arctic Ocean the line established by the Russian-American convention of 18 (30) March 1867**" (my emphasis). A bilateral agreement with the United States on this issue was reached simultaneously by way of an exchange of notes. The Soviet note said, inter alia, that the USSR Government, in the exercise of its fishing jurisdiction, "intends adhering in the **Northern Arctic Ocean and the Chukchi and Bering seas to the line of the 18 (30) March 1867 convention.**"

These extracts from published documents show that the question of the **fishing** jurisdiction in **all** sea waters was resolved between the USSR and the United States 14 years ago even. Nothing else was discussed.

Let us now examine the question of the 1867 convention line.

First, could it have been used to demarcate the seas? There is in present-day international law the generally

recognized rule which specifies that the demarcation of the seas between opposite states (the instance applicable to the USSR and the United States) is effected either in accordance with a median line or in accordance with another line that is justified by special circumstances which exist in the demarcation area. Consequently, either a median line, which Yu. Katasonov urges, or special circumstances.

The 1867 convention line is just such a special circumstance. Over 100 years ago it was not intended for the demarcation of maritime jurisdiction. And here our views and those of the author of the article coincide. But it has since then been used to this end, and repeatedly, which does not conflict with international law.

Why, then, did the Soviet Government in 1977 agree to use for demarcation of the 200-mile zones and, subsequently, the continental shelf of the 1867 convention line if it, in Yu. Katasonov's opinion, is "manifestly disadvantageous" to us and entails for the USSR "actual territorial and economic losses." He believes that the reason was the Soviet Union's readiness for the sake of an improvement in relations with the United States to make serious unilateral concessions.

Is this the case? Or was this, perhaps, a prudent compromise based on the parties' mutual concessions? The latter, in my opinion. The 1867 convention line is advantageous to the USSR, first, in connection with our general approach to the Arctic. The position in respect to the division of this most important region for us was basically elaborated back in the times of tsarist Russia. And it has since then been pursued invariably, regardless of who was in power in the country. The decision of the Central Executive Committee Presidium of 15 April 1926, which established in accordance with the 1867 convention line the Soviet polar possessions' eastern boundary, was merely one step (very important, it is true) pertaining to the consolidation of our sovereignty and jurisdiction in the Soviet part of the Arctic.

It is no secret that other Arctic states have their own views on this problem not always coinciding with ours. And all subsequent measures buttressing our approach have been and will continue to be of great significance.

The question of the territorial claims on five Soviet Arctic islands, which periodically arises in the United States, should not, perhaps, be simply brushed aside. These are hankered after, and by none other than members of parliament of the state of Alaska and certain members of the U.S. Congress. This might not seem serious to some people, perhaps, but politicians have to take account of all probabilities. The 1990 agreement conclusively closes this question in practice.

Concerning the "territorial losses" and "the territory of our 200-mile zone" mentioned in the article, incidentally. The natural territory, which the agreement delineates, is a tiny section of territorial waters between the USSR and the United States in the Bering Strait. In other

respects, on the other hand, it concerns the delineation of sovereign rights to the resources of the economic zones and the continental shelf.

How did the agreement divide these sovereign rights and jurisdiction? Yu. Katasonov believes that, compared with the use of the median line, we have lost large areas, which, "according to certain information," are potentially rich in oil and gas.

Yes, we acquired 60,000 square kilometers of continental shelf beyond the economic zones less than had the median line been applied. But in the economic zone we acquired an additional 9,000 square kilometers approximately. The article does not mention this for some reason or other. The "loss" in area thus constitutes 51,000 square kilometers. Let us see what it is suitable for. In the Bering Sea it is a section of the shelf from 2.5 to 4 km deep. Our specialists carried out research there and deemed it unpromising from the oil- and gas-bearing viewpoint. This opinion was authenticated by the signatures of V. Chernomyrdin, minister of gas industry of the USSR, and his first deputy, V. Timonin. In the Northern Arctic Ocean it is a section, constantly covered by moving ice, approximately the same in terms of quality.

And, conversely, in the most interesting northern shallow area of the Bering Sea, where the so-called Navarin'skiy Basin has been revealed, the 1867 convention line is more advantageous to us. Having conceded in quantity, we have gained in quality. Is this not a prudent compromise?

There are also other arguments of a political-legal, economic and defense nature, which speak, inter alia, about the fact that demarcation in the Arctic along a median line would in a broader context be very appreciably detrimental to us. And this also has to be taken into consideration when the balance of the parties' interests is being determined. Unfortunately, the framework of the article does not afford an opportunity for dwelling on these arguments in more detail.

When and for what reason did the negotiations begin? Upon realization of the 1977 agreement it was suddenly ascertained that the parties were drawing differently the line of the 1867 convention in the Bering Sea, using different equally applicable technical methods. The reason was very simple. The wording of the convention did not contain a precise unequivocal description thereof, and no map was appended. Negotiations began in 1981 to settle this question. And up to 1984, what is more, it was a question of the 1867 convention line in reference merely to the fishing jurisdiction. And it was only when the parties converted their fishing zones into economic zones and active research activity on the shelf of the Bering Sea began that the parties reached the conclusion concerning the need for the delineation of sovereign rights and jurisdiction in respect of all resources.

I do not know on what grounds Yu. Katasonov concludes that "the Soviet side's behavior at the negotiations was characterized by passiveness, pliancy, and miscalculations." I did not see him among the participants in the negotiations, nor was material on the progress sent to him.

As a participant in the negotiations since 1984, I can bear witness to the fact that they were conducted with toughness and were on the verge of falling through at times. Was this progress influenced by the U.S. Administration's selling off in April 1984 of sections of the sea bed in the northern part of the Bering Sea, a small part of which was in the disputed area? Yu. Katasonov believes that this action, to which "Russia said nothing," exerted a "tremendous influence" on the negotiations.

Once again I will permit myself to disagree with him. First, back on the eve of the bargaining, on 23 March 1984, the Soviet side delivered to the Americans an emphatic protest in connection with such actions.

Second, Yu. Katasonov omitted to mention that the sections in the disputed area has been sold preliminarily in accordance with a special procedure. Depending on the results of the negotiations on demarcation, the U.S. Government had reserved the right of final decision on the question of the sale of these sections. It ultimately transpired that the bulk of the sections reserved in the disputed area proved to be on the Soviet side of the demarcation line, and the deal was annulled.

Let us return to the negotiations. Following detailed examination of the arguments presented by each side, it was concluded that they were justified to a roughly equal extent. This is often the case in world practice. In order to arrive at a just solution, it was agreed to divide the disputed area into two parts absolutely equal in area.

Thus a third "pragmatic" version of the 1867 convention line emerged. But the demarcation line recorded in the agreement does not coincide with it; it was moved in an eastward (American) direction. This was because the Soviet side did not display pliancy and did not agree to abandon its "eastern special areas" in the Bering Sea, as Yu. Katasonov believes. We exchanged them for other sections of the economic zone in the disputed region, which passed to the United States, without losing here a single square kilometer of area. And we probably gained even, in geologists' estimation, in terms of quality.

Such are the facts which attended the conclusion of the agreement. I would like to dwell on one further point. One has the impression from the article that the principal figure in this business was the USSR Foreign Ministry, which did everything it wanted.

It needs to be recalled in this connection that the foreign policy of the Soviet Union is determined by the president of the country and the government, and the instrument of its realization are the pertinent ministries and departments, the USSR Foreign Ministry included. So that in the years of negotiations with the United States



these same departments (the USSR Foreign Ministry, USSR Defense Ministry, and the USSR KGB and, as of 1983, the USSR Ministry of Fish Industry, USSR Ministry of Geology, and USSR Ministry of Gas Industry) also on seven occasions jointly prepared and submitted for consideration by the country's leadership proposals pertaining to our position at the negotiations. And the Soviet delegation, which included their representatives, was strictly guided by the decisions adopted on the basis of these proposals. It could not have been otherwise.

The agreement was initially approved by the USSR Council of Ministers and only subsequently signed on its behalf by E.A. Shevardnadze. And it was not some departments but the Soviet Government which adopted the decision on the interim application of the provisions of the agreement prior to its ratification by the USSR Supreme Soviet and the U.S. Congress. This was done to avoid a repetition of the conflicts, which had occurred repeatedly, in connection with resource activity.

In conclusion, concerning the key question raised by Yu. Katasonov—"Why was the agreement concluded secretly from the Supreme Soviet and has still not been presented to it?"

Every year the Soviet side conducts a multitude of negotiations with other states, and dozens and, at times, hundreds of agreements are concluded. They all have to be approved by the government, but only a few, in accordance with legislation, are submitted for ratification to the USSR Supreme Soviet.

What has been said, however, does not mean that the people's deputies interested in this issue or the other cannot obtain exhaustive information. As far as this case is concerned, information on the course of the negotiations and the conclusion of the agreement was reported in the press. The September issue of MEZHODUNARODNAYA ZHIZN for 1990 carried an article by V. Klimenko, which investigates this agreement. To maintain that it has been concealed from the people's deputies and the public would be to exaggerate.

Why, though, has the agreement not yet been presented for ratification? In the Soviet Union, as in many other countries, it is customary to synchronize as far as possible the process of ratification of bilateral accords. As far as I know, ratification of the agreement in the U.S. Congress is being delayed for a number of reasons. This is most likely influencing the analogous process in our country.

On one point I undoubtedly agree with Yu. Katasonov. It is the members of the USSR Supreme Soviet, on the basis of all available information, who will decide whether the agreement corresponds to the entire set of our political, legal, economic and defense interests both in our relations with the United States and in the Arctic as a whole. It will depend on them whether the question of the world's most extensive maritime expanse demarcation line will be resolved and whether a source of conflict situations will be removed and a basis for the

development of mutually profitable relations in an area where the interests of the USSR and the United States largely coincide is created.

### USSR's 'Compensation' in Bering Sea Flawed

91UF0573B Moscow SOVETSKAYA ROSSIYA  
in Russian 22 Mar 91 First Edition p 4

[Article by A. Polikarpov, candidate of legal sciences:  
"Negotiations Always Mean Bargaining"]

[Text] It has to be said that the material offered for the readers' attention is quite a complex subject for commentary. It concerns a most difficult problem of regulation under international law.

I have to agree with S. Karev that the final decision on the question is for the USSR Supreme Soviet and the U.S. Congress. Nonetheless.... We will try to analyze both positions. In our opinion, accusing the USSR Foreign Ministry of keeping the agreement of 1 June 1990 secret from the USSR Supreme Soviet is without adequate legal foundation. Legal, specifically. And this is why. Current USSR legislation on the procedure for concluding international treaties does not specify any timeframe for the presentation of the treaties subject to ratification to the USSR Supreme Soviet nor does it specify preliminary information on the part of the Foreign Ministry on the fact that negotiations are being conducted on a matter requiring the adoption of a final decision.

Nonetheless, the author observes that ratification of the agreement has been postponed by the U.S. Congress, whereas in the USSR the question of whether to ratify the agreement or not is essentially decided by the Foreign Ministry, not the USSR parliament, and this also is an essential shortcoming, primarily of our legislation.

Now to the heart of the matter. It should be said that the configuration of the coast of the Bering Sea affords the Soviet Union no advantages upon demarcation from the geographical viewpoint inasmuch as practically two-thirds of its boundary pertains to the seaboard of the United States, and this has to be taken into consideration. At the same time neither Yu. Katasonov nor S. Karev, in our opinion, attached significance to one factor which is of appreciable, if not decisive, significance for the whole problem. Yu. Katasonov writes that the 1867 convention line is unsuitable for demarcation purposes. S. Karev attempts to substantiate the fact that this alone could have been the sole line. But the whole point is that the concept "line," "straight line" even less, was not employed in respect to the Bering Sea in the 1867 convention. And a quotation is needed here. Article 1 of the 1867 convention determined that from a median point in the Bering Strait "the western border (of the Russian territories to be ceded—author) runs thence almost in a southwest direction through the Bering Strait and the Bering Sea so that it passes at an equal distance between the northwest extremity of the Chukchi promontory up to the meridian 172 degrees longitude west;

from this point...**the border** runs in a southwest direction, passing **at an equal distance** (my emphasis) between Attu Island and Kupper Island (Mednyy Island)...."

Thus the convention determined merely the general direction of the passage of the border in the Bering Sea and, what is most important, established three median points. It may from this be concluded with absolute certainty that the border in the Bering Sea between the zones of jurisdiction of the USSR and the United States could also pass along a median line in a general southwest direction via three median points. Consequently, the 1867 convention, the 1958 convention on the continental shelf in effect currently, and the UN Law of the Sea Convention, given their skillful application, enabled the Soviet Union to use as a possible position the median-line version, which afforded a tremendous gain in terms of area of the economic zone of the shelf (approximately 100,000 square kilometers), not to mention a version of demarcation disregarding the U.S. islands, which is allowed by international law.

From the very outset the USSR declined a fundamental solution of this question and agreed to conduct negotiations at the technical (cartographic) level of its solution along a straight line (loxodromic and orthodromic). S. Karev's admission that an official map was not appended to the demarcation agreement seems altogether odd in this connection.

Also odd is the fact that "the question of fishing jurisdiction was resolved between the USSR and the United States 14 years ago." How could the question of geographical limits of jurisdiction have been resolved if the precise passage of the border was not known?

I would also like to find out from S. Karev to what ends the 1867 line was used, as he maintains, if back in 1952 even the United States was in fact compelled to abandon its interpretation of the 1867 border and how it could have been used if not only had its coordinates not been determined (aside from the three points) but no official maps pertaining to the 1867 convention existed either.

There is no doubt that the 1867 convention line is to our advantage in the Arctic. But no one is disputing this, the more so in that it has been confirmed by our legislation also—the USSR Central Executive Committee Presidium decision of 15 April 1926, which established the boundary of our sector in the Arctic from the Bering Strait to the North Pole. It was in respect of the Arctic seas that it was recorded absolutely precisely in 1867 that "the border... **runs along a straight line** (my emphasis) ad infinitum northward until it is entirely lost in the Arctic Ocean," which, incidentally, makes it perfectly possible to carry this border to the North Pole. But does the 1990 agreement permit this? How, then, have we benefited in the Arctic?

As far as the Americans' possible claims to Soviet islands in the Arctic are concerned, if the border clearly defined by the 1867 convention at the time of the sale of Alaska is not to the liking of some people in the United States,

the matter is easily resolved here—recognizing the convention to be invalid.... Incidentally, the United States in fact recognized the incorporation of the islands in the Northern Arctic Ocean, including Wrangel Island and Herald Island, as part of Russia in 1916 by the note on 20 November to Russian Ambassador G. Bakhmetyev.

And, finally, concerning the quantity and quality of lost and acquired. Specific calculations of the demarcation lines and areas compared with the median line in the Bering Sea should be provided by cartographer specialists, but even if this is 51,000 square kilometers, in terms of area this is three Kuwaits.

As far as the deep-sea areas are concerned, that same H. Hedberg wrote: "The natural claims of the United States and the USSR to these deep-sea basins of the Bering Sea are sufficiently important to justify vigorous efforts geared to the precise determination of the areas belonging essentially to each country...." Aside from oil and gas, incidentally, there are additionally on the sea bed and ocean floor iron and manganese concretions—the ore of the future. But these questions should be answered by specialists—geologists and oilmen.

Nonetheless, why was it necessary to introduce the 1990 agreement ahead of time if the Soviet Union has not since 1977 engaged in fishing in the American zone and if we are not as yet, as distinct from the United States, in a position to engage in other resource activity. Who in this case benefits from the early introduction of the agreement, we or the Americans?

S. Karev writes that the USSR fully makes up for the size of the areas of its economic zone which is to pass to the United States thanks to the area in the disputed zone. Not at the expense of the U.S. zone, we would note. Let us take a look at what this disputed zone, in which we have acquired a small piece, represents. Thus this disputed area in the shallow northern part of the Bering Sea is part of the economic zone of the USSR, more precisely, would be were the demarcation effected along a median line. Thus the USSR has obtained compensation for the areas of its economic zone thanks to... its own economic zone. In addition, the "compensation" is a section in the deep-sea part of the Bering Sea.

Is there anything the USSR Foreign Ministry could have done in the situation that had taken shape for fuller assurance of the Soviet Union's rights? Having in 1977 prepared proposals for the USSR Government pertaining to demarcation of the zones of fishing jurisdiction and proceeding from the American version of the drawing of the line, the Foreign Ministry essentially became a hostage of its own position. Despite the proposals on the part of the fishermen and research organizations concerning the need for a reconsideration of the USSR's position, the Foreign Ministry did not venture to acknowledge the possibility of the demarcation line being drawn by other methods.

Nor should the Americans be accused of some perfidy. They did what they had to do.

Is there a way out of this situation? Yes. The examination of such disputes is a part of world practice. There is the experience of the UN International Court also. And we could, evidently, take advantage of this experience.

### **Bering Sea Pact Ratification Options**

91UF0573C Moscow SOVETSKAYA ROSSIYA  
in Russian 22 Mar 91 First Edition p 4

[Article by K. Bekyashev, doctor of legal sciences: "What Has Been Gained and What Has Been Lost"]

[Text] The eastern special region of the Bering Sea, 80,000 square kilometers in area, was earlier part of the USSR's 200-mile economic zone. This was one of the main traditional areas of operation of the Soviet fishing fleet. In accordance with Article 3 of the agreement in question, the region has been transferred to the jurisdiction of the United States, although being more than 200 miles from the American coast.

We would catch there annually approximately 150,000 tons of most valuable species of fish: 120,000 tons of Alaska pollack, 20,000 tons of herring, and 10,000 tons of cod and other species. The favorable operating conditions contributed to this. This section of the Bering Sea is characterized by a change of currents. It is rich in plankton and has a comparatively even bed. The area transferred to us by way of compensation, on the other hand (in the vicinity of Chukotka), is not for hydrological reasons suitable for commercial activity (strong current, shallowness, ice). We cannot in this connection agree fully with S. Karev that, "having ceded quantity, we have gained in quality."

The question of possible compensation to the Soviet side for losses in the sphere of fishing arose periodically at the initial stage of the negotiations. Thus a USSR note on 24 February 1977 specified that, upon demarcation with the United States of the maritime areas along the line established by the Russian-American convention of 1867, a section located in the middle of the Bering Sea would become a part of the American fishing zone. The commercial fleet of the USSR caught approximately 150,000 tons of fish there. Considering what was said, the Soviet side expected, as indicated in the note, that the Americans would, when allocating the overall catch quota for Soviet fishing boats, take account of what our fishermen were losing. But the Soviet delegation subsequently retreated from this demand.

When one begins to familiarize oneself with all the circumstances connected with the process of elaboration and conclusion of the 1990 agreement, one cannot fail to note that it has much in common with the way in which the 1867 agreement on the transfer of Alaska and the Pacific islands to the United States was prepared.

First, the manifest gain of one party and the undoubted loss of the other were evident in both cases.

Second, neither deal, neither then nor now, was extensively publicized.

Third, the idea of some hidden gains were in both cases advanced by hints.

Fourth, the final stages of the preparation of the documents, more precisely, the implementation procedure, were in both cases conducted in haste.

As a participant in the negotiations on elaboration of the 1990 agreement, S. Karev does not, unfortunately, explain on what basis the American side proposed at the time of demarcation of the maritime expanses use of the great circle arc passing through two points on the surface of a sphere and representing the shortest distance between them. On marine charts such an arc is portrayed as a curve, and this method was advantageous only to the United States. The more so in that, prior to this, it had been virtually unused in the demarcation of economic zones and the continental shelf. International law had, as is known, formulated two criteria for the demarcation of maritime expanses: a median line and special circumstances.

Yu. Katasonov's point that the United States constructed its tactics at the negotiations on the use with advantage to itself of the so-called line of the 1867 treaty would seem to me indisputable. S. Karev's reference here to the USSR Council of Ministers' ordinance of 24 February 1977 is not entirely proper. First, this ordinance introduced merely interim measures pertaining to the preservation of living resources and the regulation of fishing in areas of the Pacific and Northern Arctic Ocean off the coast of the USSR. Second, it provided for use of the 1867 treaty line only in the regions where the distance between the coast of the USSR and contiguous states is less than 400 miles. In other words, this line had the status and purpose of a median line.

Article I of the 1990 agreement emphasizes that the line described as the "western group" in the 1867 convention is the line of demarcation of the maritime expanses between the USSR and the United States. The concept of demarcation of the maritime expanses of the two countries per the 1867 treaty is invalid, in our opinion, for two reasons:

First, the 1867 treaty deals with the concession only of land territories (Alaska itself and numerous islands). Thus the line designated in the 1867 treaty was by no means the line of demarcation of maritime expanses (Yu. Katasonov is right here also) but merely denoted the maritime waters within whose bounds merely islands were transferred to U.S. ownership.

Second, the signing of the 1867 treaty did not signify the automatic cancellation of the convention between Russia and the United States on trade, navigation and fishing in the Pacific and along the America's northwest seaboard of 5 (17) April 1824, in accordance with which citizens of both states could avail themselves without



hindrance of freedom of navigation and fishing throughout the waters of the Bering Sea.

In disputes at the time of the demarcation of maritime expanses, the United States resorts more often than not to the "special circumstances" criterion. Indeed, as S. Karev notes, this criterion has been used in international practice repeatedly. But an analysis of the disputes has shown that the state and the UN International Court nonetheless prefer the median line criterion (in a ratio of approximately 60:40 in favor of the latter).

S. Karev's article justifies the loss of 51,000 square kilometers of shelf by the fact that it is at the present time unpromising from the oil- and gas-bearing viewpoint. Perhaps as of the present this is so. But the lessons of history should not be forgotten! At the time of the sale of Alaska a number of U.S. senators and congressmen were opposed to ratification of the 1867 treaty on the grounds that at that time Alaska appeared to them a dead space or "icebox." But since the time of the sale 2,500 times more than what was paid at the time of purchase has been mined on this peninsula in gold alone.

Yu. Katasonov rightly calls attention to the unusual procedure, which has not been recognized in international practice, of the implementation of an unratified agreement.

Are the government's unilateral actions in respect to implementation of the 1990 agreement prior to its ratification by the USSR Supreme Soviet lawful?

Article 14 of the 1969 Vienna Convention on the Right of International Treaties (the USSR and the United States are the subscribers) reads: The consent of a state to the obligation for it of a treaty is expressed by ratification if the treaty specifies that such consent is expressed by ratification.

Thus inasmuch as the 1990 agreement is subject to ratification, the USSR Council of Ministers did not have the right (without special authorization of the USSR Supreme Soviet) to assume the commitment pertaining to implementation of the agreement.

In my opinion, the adoption of the following decisions are subsequently possible upon examination of the 1990 Soviet-American Agreement on the Line of Demarcation of Maritime Expanses in the Bering Sea:

First, following additional analysis of the consequences of the implementation of the agreement, the USSR Supreme Soviet has the right to refuse to ratify it.

Second, the USSR Supreme Soviet may postpone ratification of the agreement for a particular period or sine die and reverse the USSR Government's decision on consent to the interim implementation of the agreement.

Third, the USSR Supreme Soviet has the right to approve recommendations pertaining to a revision of the agreement in respect to the removal of the defects and preconditions thereof.

Fourth, the USSR Supreme Soviet has the right to bring suit against ministry and department officials for, frankly, an unserious attitude toward an extremely serious problem.

Fifth, insofar as the agreement concerns a demarcation of territorial waters, the Foreign Ministry and other departments of the Russian Soviet Federated Socialist Republic should be enlisted in its ratification.

Sixth, insofar as the main object of fishing activity in the middle of the Bering Sea is Alaska pollack—a common stock—it should be exploited on the basis of common technical and legal provisions.

### Soviet Arrears Hurt U.S. Businesses

91UF0548A Moscow LITERATURNAYA GAZETA  
in Russian No 10, 12 Mar 91 p 4

[Letter by V. Aleksanyan, president of the Valteks company, and response by Yu. Shchekochikhin under the rubric "Letter to LITERATURNAYA GAZETA": "Why Are They Afraid of Us Again in America"?]

[Text] I address the editorial board of LITERATURNAYA GAZETA as one of the most respectable publications of the Soviet Union enjoying the well-deserved attention of readers both within the USSR and beyond its borders.

For 14 years I have been cooperating with the Soviet Union, first as a vice president of one of the leading export firms in California, and the last nine years as president of Valteks [as transliterated] International Corporation, a company founded by me. During these years we delivered to the USSR various equipment for academic and industrial scientific research, medical and diagnostic equipment, highly accurate instruments, and computer technology worth a total of more than \$100 million. All the deliveries were executed without any complaints at all on the part of the purchasers, with a high degree of quality, and on time.

During these years the Soviet Union was a stable partner that always observed all the obligations written into the contract.

However, starting with the end of 1989 the situation in our trade relations changed abruptly. We are completely unable to understand why the majority of the deliveries we have made according to contracts with various Soviet foreign trade organizations have still not been paid for. At present the total debt of Soviet organizations to the Valteks company is close to \$1 million. And that is despite the fact that we have practically no relations with cooperatives, small enterprises, and other nonstate institutions that have appeared recently. The majority of the contracts were concluded with longstanding foreign trade Soviet firms like, for example, Tekhnointorg, Soyuzdravexport, Tekhnopromimport, Sovrybflot, Elektronorgtekhnik, and others. The amounts of the unpaid contracts varies from \$3,000 to \$400,000. In several

instances payment in accordance with the contracts is more than a year behind. In many others—six to nine months behind. And this is despite the fact that in accordance with the terms of the contracts payment must be carried out 30 days from the time the equipment is sent.

I have not received any written responses to all my numerous inquiries to the USSR Bank for Foreign Economic Relations and the foreign trade organizations in regard to the causes for the delay in payment. Foreign trade firms have verbally communicated to me that they have sent payment drafts to the bank, but that the bank refuses to pay. At the same time all the equipment delivered by us is already being actively used by our purchasers. Several of them are already contacting us for help with installing the equipment, training, and spare parts. Naturally, in the absence of payment we, despite our desire to be of service, cannot help them.

Valteks represents the interests of about 60 U.S. companies in the USSR. Our reputation is important to us, and we have made every effort to pay suppliers who have presented us with a bill. It is difficult for me to write about this, but these uncompensated expenditures have put our company on the edge of bankruptcy. Any further, and I will have to begin dismissing employees. The Soviet Union, which was always concerned with the fate of the unemployed in the United States above all else, should understand all the negative consequences that unemployment entails.

In any other country of the world there exist a great variety of means of getting money from a debtor. In the Soviet Union, however, it is impossible even to find people who bear direct responsibility for the debt. My letter to Mr. Sitaryan, deputy chairman of the USSR Council of Ministers, was not answered. Foreign trade organizations refer us to the Bank for Foreign Economic Relations, and the Bank for Foreign Economic Relations refers us to the foreign trade organizations. It is, as you see, a closed circle. The issue of fines for overdue payments, which is the norm in any civilized country, is not even discussed. I do not know whom to present with claims for losses incurred and from whom to demand the return of equipment that has not been paid for.

I am very sorry about it, but such actions are leading to the complete loss of the USSR's previous reputation as a reliable partner. Valteks works as a consultant to a whole series of American firms interested in the development of business relations with the USSR. What kind of positive example can we show our clients when the USSR behaves with us in this fashion?!

I hope that my letter will not remain a lone voice in the wind and that the words of a firm that has traded for so long with the Soviet Union will be heeded before we go bankrupt.

With respect,

[Signed] Vladimir Aleksanyan, president of the Valteks company

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**Supplement to the Letter of an American  
Businessman—Report of a LITERATURNAYA  
GAZETA Special Correspondent**

San Francisco—They are afraid of us again in America—not because of our military might but because of instability in a country that ignominiously disregards the business terms that it has agreed to and the absence of an elementary system of payments that is so valued in the world of business.

I had more than one opportunity to hear of this during a recent trip to the United States from businessmen who have already done business with our country and from those who fear to do business with us, having heard from their colleagues about all the adventures that one must encounter in the USSR and that are unthinkable in other civilized—and I stress that word—countries.

According to data of the U.S. Department of Commerce, the debt of Soviet organizations to American companies has already reached \$120 million, and for the most part these are companies who have not had previous relations with our country and risked entering into business relations with us because of the tempting word "perestroika." Today the USSR is in debt to 30 U.S. firms; the biggest debt—about \$32 million—is to the company Zerand-Bernal Group, Inc.

What surprises American businessmen most of all?

Soviet representatives do not give any explanations in written form; it is impossible to establish exactly who bears responsibility for delays in payments; no one even tries to conduct negotiations in regard to deferment of payment; and although in every instance the terms of the contracts were violated by the Soviet party, there were never any statements that a penalty would be paid to American companies.

What has happened to the times, our morals, and the state merchant of our country?..

And here is one more testimony—the letter of Vladimir Aleksanyan, president of the Valteks company (incidentally, he is a former countryman of ours who is far more familiar with all the realities of "mature socialism" than those who have crossed the Soviet border for the first time).

I know little about economy, but even I was struck not so much by the amount of the debt as by the fact that the debtors did not turn out to be operators on the shadow economy—after all, who is responsible for them? Nor were they our young cooperatives and joint enterprises, which have no experience in business. They were solid institutions that act in the name of the state and the administration.

This is why American businessmen view business relations with the USSR so skeptically: Can you really expect protection from some "shadow economy operator" who has suddenly twisted a foreign capitalist around his finger when even the USSR Ministry of Aviation Instrument-Making, which owes that same V. Aleksanyan \$380,000, behaves like a highway robber?

The word that is repeated in our country today most often is "order." But for some reason it is most often applied to street elements or the noise of rallies. But I am convinced that people will seriously believe in the intentions of the president and the government to impose order only when it is imposed on the bodies that are closest to him—the ministries and departments located at most only ten km from the Kremlin.

As a rule they are not situated more than 10 km away.

[Signed] Yuriy Shchekochikhin

#### U.S. House Aid Bill Concerns Reported

91UF0563A Moscow SELSKAYA ZHIZN in Russian  
16 Mar 91 p 5

[Article by TASS correspondent A. Korolev: "Concerns of the Administration"]

[Text] Washington, 15 March—The administration of the United States has expressed concern in conjunction with a draft bill introduced to the U.S. Congress on granting direct financial aid to republics in the Soviet Union and to the states of Eastern Europe. This document, coauthored by Senator Robert Dole and Dana Rohrabacher, member of the House of Representatives, stipulates sending U.S. aid directly to republics, in particular to those in the USSR, Yugoslavia, and other countries carrying out democratic reforms.

As Curtis Kammen, representative of the U.S. State Department, declared, the administration is "troubled by the possible consequences" of putting the provisions of this document into practice. "For example," he noted, speaking on Thursday in one of the subcommittees of the House of Representatives, "we would not want to undermine the efforts of democratically elected central representatives to carry out reform." In addition, stressed C. Kammen, we would not want "our help to become a catalyst for the collapse of the state."

"The programs of the United States," said a representative of the State Department in conjunction with this, "should be seen as support for democracies and not for specific governments or certain branches of governments, so that they are not misinterpreted in delicate disputes between national groups both in Eastern Europe and in the Soviet Union."

#### GE, Soviets To Produce Tomography Equipment

91UF0533A Moscow IZVESTIYA in Russian 1 Mar 91  
Union Edition p 3

[Article by B. Kononov, IZVESTIYA science correspondent: "General Electric in the Soviet Market"]

[Text] An official agreement was signed 26 February in Moscow in the building of the Ministry of Electrotechnical Industry and Instrument Manufacture on the establishment of a joint enterprise including the major American corporation General Electric and the All-Union Scientific Research Institute for Electromechanics (VNI-IEM) for the production of X-ray computer tomography.

This is one of the most revolutionary diagnostic means in medicine, and the Soviet Union at present is experiencing a critical shortage of these research-intensive and expensive modern instruments. Our supply of them is dozens of times less than that of the Western developed countries.

Establishment of the new organization is also noteworthy by virtue of the fact that joint enterprises are now beginning to function in the Soviet market not just with small and mid-size Western firms, but with the largest corporations of the capitalist world as well. General Electric is one of the top ten transnational corporations in terms of annual turnover and is renowned for making the highest profits.

I asked S. Riedel, who signed the agreement and is president of General Electric-CGR, what made their Soviet partner attractive.

"We were looking for an organization in the Soviet Union which has a mastery of advanced technology and qualified specialists," Riedel stated. "VNI-IEM has all this. We are working in similar directions and our technologies have a great deal in common—therefore it is easier for us to find a common language. First we intend to satisfy the most critical requirements of the Soviet market. If everything goes well, the next step is to put production output of the joint enterprise on third country markets and build more sophisticated equipment."

For example, American specialists would like VNI-IEM to develop an X-ray tube for tomography which has a rotating anode using a magnetic suspension. We have grown accustomed to playing down our level of science in the USSR, but here in the sphere of magnetic suspension—and in many other areas as well—VNI-IEM is a world leader. Behind this modest title is an organization very similar to General Electric. These are not only the largest electrotechnical organizations of our countries, but are firms which themselves develop and produce such complex equipment as meteorological and natural-resources satellites. The conversion which is presently taking place in the country has allowed VNI-IEM to utilize its mighty potential for accomplishing tasks of country-wide importance.

"Tomography allows us to diagnose more than 80 percent of the most prevalent diseases," states VNIIE director V.I. Adasko, doctor of technical sciences, "and we will set it up at our experimental plant. At first we will make extensive use of American subcontracted parts. But even in the first year, the jointly produced tomographs will cost \$50,000-100,000 less than on the world market. We already have 20 customers, and new orders keep coming in. In two or three years we intend to organize production, using our own resources and General Electric specifications, of up to 70 percent of all the necessary subcontracted parts, expand the scope of production, and lower the cost of the tomographs. At the same time we will organize the training of servicing and medical personnel so that this unique instrumentation may be used without delay in our clinics and polyclinics."

...Have a good journey!

#### **Soviet-U.S. Battery Production Joint Venture Set Up**

*PM2103160191 Moscow Central Television Vostok Program and Orbita Networks in Russian 1530 GMT 15 Mar 91*

[From the "Vremya" newscast: Report by Yu. Kuzmenko, identified by caption, from Magadan]

[Text] [Kuzmenko] The storage batteries of the U.S. firm Alaskan Battery are well known in the world market. Reliable, high-powered, and considerably lighter than

our domestically produced storage batteries. The 10-year guarantee is highly indicative. It is precisely batteries such as these that they are preparing to produce at the Soviet-U.S. joint venture "Spark," in which our side's cofounder is the "Magadannerud" state cooperative enterprise. The head of the U.S. firm, Earl Romans, brought the first consignment of batteries to Magadan himself to inspect the manufacturing and assembly process. But unfortunately, as with any innovation, the establishment of the Soviet-being resolved too slowly.

[V.I. Tsvetkov, director of "Magadannerud," identified by caption] Our region needs batteries both for vehicles and for tractors. The "Spark" joint venture was set up to tackle this problem. We have very great and ambitious plans for 1991. With a bit of help, we will not only meet Magadan Oblast's needs for batteries but will also be able to supply our batteries to central regions of the country.

[Kuzmenko] Mr Romans, are you happy with this cooperation?

[Romans, speaking in English with superimposed Russian translation] You see before you output produced here in Magadan by Soviet workers using the latest world technology, Earl Romans said. Despite the bureaucratic opposition which our joint venture has encountered, we have no intention of giving up. The batteries produced here will be supplied to the U.S. market too. When I get back to Alaska I intend to hold talks on the possibility of obtaining a loan of \$500,000. This money will be invested in the purchase of the very latest equipment for a plant in Komsomolsk-na-Amure, our new partner.

**Better Ties With FRG Depend on Soviets**

91UF0547A Moscow LITERATURNAYA GAZETA  
in Russian No 10, 13 Mar 91 p 1

[Article by Yu. Borko, doctor of economic sciences:  
"The Treaties Have Been Ratified. What Next?"]

[Text] **The Rethinking of Relations Between Germany  
and the Soviet Union Continues**

So the USSR Supreme Soviet has ratified three of the five treaties determining the terms of a German settlement and the prospects of Soviet-German relations; a further two have been approved in principle and will be presented for ratification following clarification of a number of technical issues. The USSR Supreme Soviet statement adopted in this connection emphasizes that the entire set of documents draws a line beneath World War II and begins "a new era of lasting peace and large-scale cooperation between the Soviet and German peoples."

But what does it mean to draw the line? To begin everything from the start, from scratch? This is not how history works. And the past, what is more, is not only memory but also experience, which could be both a good and bad guide. Consequently, the problem is not a matter of forgetting the past but of rethinking it.

I will not recall what burdened relations between the FRG and the USSR in the postwar period. This is common knowledge. But the rethinking of these relations did not, after all, begin at the time of ratification and not last year, when the finishing touches were being put to the wording of the treaties. Positive experience was accumulated bit by bit, particularly after the Brandt-Scheel government had in 1969-1970 begun the "new Eastern policy," which was taken up and continued by all subsequent governments of the country. A most important contribution to this experience was the social philosophy and diplomacy of the "new political thinking" that was proposed by the Soviet leadership after 1985 and that opened the way to revolutionary changes on the European Continent.

If we proceed from the fact that Soviet-German relations should be truly partner relations, their restructuring is only just beginning. I would prefer not to speak about what the Germans should be doing. Much has been said in the Soviet press on this score. But I would like to emphasize that the future of mutual relations between the two countries depends not so much on Germany as on the Soviet Union and that we have to do considerably more than the Germans.

It is necessary first and foremost to finally rid ourselves of the delusion still current in our social consciousness: that Germany's unification is some kind of advance payment on the part of its neighbors and that it must be repaid in its "good behavior." The truth is that none of what Germany sought was presented as a gift by anyone

and has not been issued on credit; everything, unification included, was done by the German people themselves. The West German economic miracle is spoken of frequently. But, in my view, the real miracle was the nation's spiritual renewal. Having rethought the past and having broken with the traditions of militarism and Nazi ideology, the FRG secured by its domestic and foreign policy the level of international confidence that enabled it to unite the country peacefully and in an inconceivably short space of time.

A serious obstacle to the growth of the mutual trust of the two peoples could be the version that is being cultivated to the effect that Germany's unification and the other changes in Central Europe should be seen as a loss for the USSR. This is not only a delusion but frequently also an intentional rejection of the changes and a reluctance to recognize that they are a component of progressive process—the failure of totalitarian "real socialism" and the collapse of the "socialist community" clamped together by a hoop of Soviet armored divisions. Germany's unification cannot be evaluated on the basis merely of geopolitical and military-strategic considerations. The evaluation is determined by the sociopolitical choice "for" or "against" the radical restructuring of Soviet society and the transition to a mixed economy, multiparty democracy, a state based on the rule of law and a renewed community of the peoples of our country.

The present package of Soviet-German treaties affords the broadest opportunities for cooperation in literally all walks of life. However, the profound crisis in which the Soviet Union finds itself sharply limits our actual capacity for cooperation. The crisis is also holding back our German partners, particularly business circles, which prefer not to take risks under the conditions of growing instability in the USSR and the Soviet leadership's lack of a clear strategy and specific reform program.

Theoretically, the range of versions of the development of Soviet-German relations is very wide—from the maximally intensive, if the democratic program of the renewal of Soviet society is implemented consistently, through a virtually total curtailment in the event of the establishment of a dictatorial regime based on a machinery of repression. But the political struggle is as yet developing so that the conservative reformism version could prove the most likely in the next few years. In this case the prospects of Soviet-German cooperation appear bleak. And not only for economic (the creeping and zigzag-like progress toward the market, the domination of the bureaucracy and so forth) but also for sociopolitical reasons. The conservative-authoritarian policy requires substantiation, and a revived "external enemy" image would be very apropos.

Examples are already to hand: the new prime minister, V. Pavlov, has accused Western banks of sabotage of the Soviet monetary system, and I. Polozkov, leader of the Russian Communist Party, who recently called on people not to be ashamed to be conservatives, called



transnational corporations the organizers of the collapse of the USSR. There is no doubt that these "discoveries" will be followed by others. The West has reacted to them swiftly and sharply—with a far more guarded evaluation of the prospects of cooperation with the Soviet Union, in the main. This has been manifested in the FRG also and in the position of its business circles and its public, although it should be noted that the country's political leaders are still endeavoring to maintain as much as possible the high tone of Soviet-German relations. How long will they be able to keep to this policy?

The moral of all that has been said is simple. Soviet-German relations have in recent years been taken by the two states' joint efforts to a new qualitative level. But it is now, when a most substantial treaty base for these relations has been created, that their future is just as dazzling as it is uncertain and unreliable. It depends directly on whether perestroika develops, and if so, in which version—democratic or conservative.

#### Deputies Interviewed on Germany Treaties

91WC0078A Moscow SOVETSKAYA ROSSIYA  
in Russian 2 Mar 91 First Edition p 4

[Interview with Nikolay Petrushenko, USSR People's Deputy, and Nikolay Vladimirov, specialist in international affairs and candidate of economic sciences; place and date not given: "After the Unification of Germany: Toward a Parliamentary Discussion of the Package of Treaties—For and Against"]

[Text] The forthcoming discussion in the USSR Supreme Soviet of a package of treaties that determine our relations with the unified Germany cannot but evoke the most widespread public interest. This is understandable: These are documents that to no small degree affect the fate of our country and the alignment of political and military forces both in Europe and throughout the world. In a conversation with a SOVETSKAYA ROSSIYA correspondent, USSR People's Deputy Nikolay Petrushenko and international specialist, Candidate of Economic Sciences Nikolay Vladimirov express their views.

[SOVETSKAYA ROSSIYA] As far as I know, USSR people's deputies have various attitudes toward the signing of the treaties, and contradictory and sometimes mutually exclusive assessments are expressed in the press. Although it would seem that there should not be such a broad diversity of opinions on an issue so vitally important to the country—representatives of all factions and trends are interested in peace and security. How do you explain all this?

[Petrushenko] We have begun to sober up from the euphoria of the "outstanding" foreign political achievements of perestroika, many of which upon investigation turned out to be naive illusions that vanished the first time they encountered real life. Iraq is the latest and clearest example of this. I am sure that soon many people will see that the treaties proposed to us actually reinforce the revision of the results of World War II, will cause a

good deal of harm to the foreign political and military positions of the Soviet Union, and actually undermine the status of a great and victorious power. But I am afraid that this understanding will come too late, when it will no longer be possible to correct anything. Influential forces, above all in the Ministry of Foreign Affairs, are, for understandable reasons, doing everything within their power to conceal the real state of affairs, but they are being opposed—and more and more resolutely—by those who are interested in order. Hence the spread of opinions.

[Vladimirov] I do not like the procuratorial nuances that can be discerned in my opponent's words. What "concealment" does he mean. The USSR president and representatives of the Ministry of Foreign Affairs have repeatedly spoken in the Supreme Soviet, they have held news conferences and interviews, and they have given fairly candid answers to all questions. It is another matter that they have not always seemed convincing; this is something to talk about. As far as I know, the treaties have been discussed—and repeatedly—in the Committee for International Affairs of the Supreme Soviet itself, where with all the differences of opinions, the recommendation was to ratify the treaties. We must not use this fateful problem of ours to arrange a political football game, with the understandable striving to bash as many heads on the opposing team as possible. We must have facts....

[Petrushenko] Facts, you say? Help yourself. Neither the Congress of People's Deputies nor the Supreme Soviet has yet considered this vitally important issue and they have not given the executive power, in this case the Ministry of Foreign Affairs, the fundamental instructions for concluding these treaties, which would provide the USSR with reliable guarantees of its security and satisfaction of its political and economic interests. This is a fact. The treaties were drawn up by a small group of people, and before they were concluded they did not undergo the corresponding expert verification by several independent commissions of specialists, whose members would be approved by the Supreme Soviet itself because of the extreme importance of the question. That is the second fact. Finally, the decision to grant complete sovereignty to Germany was introduced into the text of the treaties without informing the broadest masses of our people, who have still not recovered from the physical, spiritual, and material losses of World War II. What am I to say to the invalid without legs who wrote to me asking if under the new treaties he would be able to receive compensation for fascist bestiality as the West Europeans and Israelis did. He said that our diplomacy, unlike Western, deals not with results that are tangible for the citizens but high-flown phrases about "peace," "progress," and "human values" with which the new treaties are larded.

[Vladimirov] Nikolay Semenovitch is an experienced legislative fighter and he correctly noted the "back-room quality" of the preparation and conclusion of the treaties. But this is hardly the place to look for a deliberate

design, especially from the Ministry of Foreign Affairs, and I am quite sure of this; recently it has been striving for glasnost and openness not in words but in deeds. The new mechanism for the development and adoption of the most important political decisions, including in the area of foreign policy, are just being formed. And, the Ministry of Foreign Affairs, naturally, has not been spared the inertia of old approaches, as is true, incidentally, of other ministries and departments, which are characterized by this inertia to an even greater degree.

[SOVETSKAYA ROSSIYA] We have strayed somewhat from our main subject, but the accusations made by Deputy Petrushenko, especially regarding the revision of the results of World War II, are too serious to pass over with a few simple words. Are you prepared to give concrete proof?

[Petrushenko] Of course. First of all I shall mention the gross violation of practically all the points of the Potsdam and Yalta treaties of 1945, for which the Soviet people paid with their lives, the partial or complete disability of 50 million people, and the loss of a third of our national wealth—the fruit of the labor of almost two generations. We are still paying for this, although some people blame it all on the “command system.” And so, in the first place, a unified Germany, according to the treaties, will not disband its ground, air, and naval forces. Even after being reduced to 370,000 the Bundeswehr will still be a powerful military grouping. In the second place, the Germany military industry is not going anywhere. In addition to the most modern kinds of conventional arms, it is potentially able—and in the event of unilateral renunciation of the treaties is actually prepared—to produce all kinds of weapons for mass destruction. In the third place, in violation of the Potsdam treaties, there continue to be Nazi parties and organizations like the Republicans and the National Democratic Party of Germany. They have 40,000-60,000 members. In the last elections the Republicans won more than 500,000 votes. Never during all of the postwar period, in spite of the official statements of the authorities, have the Nazis felt so free to act, and the process of unification has clearly added to their strength. The pages of the German press are flooded with reports of Nazis terrorizing representatives of progressive parties and organizations and desecrating monuments to the heroes of the antifascist resistance and the graves of fighting men of the Soviet Army. And on the streets of German cities one Soviet soldier will be attacked by five or six people. In keeping with the old custom of staying silent about things that are unpleasant to us, the mass media did not report, for example, how a raging crowd of skin heads, shouting “Zieg Heil!” “Hail Hitler!” followed Soviet and Polish passengers on the Berlin-Leningrad line. And, although this was not in 1933 but 1990, the police did not intervene...

[Vladimirov] Following my opponent's example, I too shall work with facts. “From the German land will come only peace”—there are more than enough clear-cut phrases like this in the treaties. They clearly register the

final nature of the present borders of the unified Germany. They express its commitment not to have and in the future not to advance territorial claims against other states. And all these clear-cut commitments of an international legal nature are in effect in relations of all territories included in Germany and in relations with the Soviet Union, Poland, and Czechoslovakia. The issue of Kaliningrad Oblast has been closed once and for all. The FRG has actually abandoned its previous legal position which was based on the existence of the Reich within the 1937 borders. The documents confirm in mandatory legal form the unified Germany's refraining from producing and disseminating nuclear, chemical, and bacteriological weapons. Incidentally, on the territory of the former GDR there will be no foreign military presence or arms for mass destruction. I will say even more. Article 3 of the treaty on a good-neighbor policy, partnership, and cooperation between the USSR and the FRG contains a commitment not to attack and not to render support to an aggressor and to resolve all disputes exclusively by peaceful means. This has never before been the case in the relations among states belonging to different military and political groupings. If one adds to this the well-known NATO declaration to the effect that it regards the Soviet Union as its military opponent and the whole series of treaties with the United States and West European countries, it becomes obvious that the new system for security in Europe is built on a reliable and firm foundation. This system is reinforced by the incipient process of real disarmament, including on the European Continent. Whatever my opponent may say, such a sharp reduction—almost by half—of the armed forces of the unified Germany also says a great deal. The 370,000 is nothing like our 3 million.

[Petrushenko] My interlocutor has fired off the usual Ministry of Foreign Affairs cartridge of arguments against the “black colonel.” But, frankly, this does not persuade me; rather it puts me on my guard. In politics nobody can be taken at their word; my opponent was quite right to begin speaking about that. But he himself, alas, presented arguments that ultimately can be reduced to the idea that we must believe the peaceful words and friendly feelings Germany and its leaders have for us, which they have registered in the corresponding documents. But, one asks, was Hitler stopped by a nonaggression pact that also contained beautiful and noble words? International treaties are valuable not because of their high-flown declarations but clear cut, political, organizational, financial, and military guarantees that these declarations will be realized. And the new treaties contain almost none of them. If, for example, the unified Germany were to withdraw from NATO and reject modern armed forces and armaments, that would be a clear cut guarantee, and I would vote for the treaties with both hands. Alas, NATO is even reinforced by the economic and military potential of the former GDR, and Kohl does not even want to hear about disbanding the military bloc, although the Warsaw Pact has practically ceased to exist. What should we believe—the words of the West German chancellor or his **actual position**? The complete

demilitarization of the territory of the former GDR would provide something of a guarantee. But we have achieved nothing here, since the Bundeswehr—a part of the NATO military machine—has complete freedom of action there. We console ourselves with the fact that the Bundeswehr is relatively small—370,000 members. But still the unified Germany with its immense mobilization resources and highly developed infrastructure would have no trouble developing an immense army on this basis—11 million people!

[SOVETSKAYA ROSSIYA] I do not think Colonel Petrushenko's opponent will object if I do not give him a chance to respond to this argument: Against the background of the frequently repeated official positions it sounds fairly rare, but before ratification it is much more useful to listen to any criticism, regardless of how tendentious it may sound... It would be better for us to move on to another aspect of the treaties under discussion—the economic aspect. How, in your opinion, do things stand here?

[Petrushenko] Just as bad if not worse than with security. Look at the Americans. When they decide to leave one country or another—which, incidentally, happens extremely rarely—the first thing they do is resolve financial issues. After concluding the appropriate treaty they begin to withdraw troops. A normal, generally accepted, civilized practice. We have turned it upside down by beginning to consider property and financial issues after the troop withdrawal has already been started. Naturally, in this kind of terrible haste, which reminds one more of flight than withdrawal, there is no time for well-thought-out decisions that take into account our state interests and the fates of many thousands of our military servicemen and their families. And this pertains not only to Germany but to other East European countries as well. But, one asks, why are we in such a hurry? Have we sustained a military defeat or something? Or if we refuse to withdraw the troops will they immediately begin combat operations against us? They say that any delay could cause dissatisfaction and even protests from the new authorities. But, excuse me, in politics and diplomacy one must show firmness, will, and resolve, and even resort to temporary aggravation of relations when your country's interests are affected. Americans are not afraid of protests; they are not even bothered by terrorist acts. And if we do not respect ourselves, can we reasonably count on respect from others?

[Vladimirov] It is easy to be a strategist after the fact... And you have tried to second-guess our politicians and diplomats, who were overwhelmed by the unpredictably growing wave of events in the East European countries. It has now become obvious that our excessive confusion and emotionality, which bordered on panic, were, to put it mildly, not altogether justified. But when a fire suddenly breaks out it seems necessary to save the main thing. At that time the will of the people was manifested fairly clearly and not to take it into account would mean to depart from the new thinking and return to the dictatorship of the times of stagnation, which would be

extremely dangerous in our day. In my view, what we should have taken into account in that extremely difficult situation was the interests of our former friends in the GDR, especially members of the SED [Socialist Unity Party of Germany]-PDS [Democratic Socialist Party], former state security workers, officers, and National Army generals. Now they are being subjected to unbridled torment and persecution, and this should not have been allowed in any case. When the Americans left Vietnam they took their former allies with them and set up their lives in the United States since they understood quite well that this concern would strengthen American positions in other countries. But we have actually abandoned our friends, a whole generation educated in respect for the Soviet Union and devotion to socialism. Will we have new friends and allies after this? And now is not too late to raise the question of the legal guarantees of their protection, the more so since this fully corresponds to the norms of international law.

[Petrushenko] I completely agree with the last statement. But as for considerations about the "overwhelming wave"... A captain's abilities, resolve, and will are manifested when there is a storm, not when the sea is completely calm. The confusion of our politicians and diplomats, which my opponent recognizes, was very costly to us. In the first place they abandoned our property: aircraft, hangars, premises, and so forth, whose cost is incomparably greater than the so-called "aid" to us from the FRG. One landing strip, for example, costs a billion rubles... Or take Article 18 of the Treaty on Friendly Relations and Partnership. It proposes conducting a reciprocal exchange of valuables located on the territories of the USSR and Germany. But we were the only ones to make a concrete commitment to return them, as if nothing of ours had been kept in Germany. Yet the damage caused to Soviet culture and art during the years of the war was estimated at 23 billion gold rubles in 1914 prices! What is this, an oversight, a supergenerous gift, or something else? In the second place, our industry is connected to the former GDR economy by the strongest bonds. Suffice it to recall the cooperative deliveries, especially in light industry, and our imports of rolling stock, without which the railroads of the Soviet Union could simply be paralyzed. And this key issue was also left "for later." One wonders why. And, finally, the third thing. As we know, the Soviet Union at one time released the GDR from payment for most of the reparations in the amount of \$2.5 billion, turned over a number of enterprises to it free of charge, forgave its debts for occupation expenditures, and so forth. All these are immense funds that we deliberately gave up in order to strengthen and support our ally. Now the treaties turn all this over to the FRG, a NATO member and—let me be frank—a potential enemy. For what services? Or do we have nothing better to do with our money?

[SOVETSKAYA ROSSIYA] Forgive me, but, after all, the FRG is giving us financial aid, and a great deal of it...



[Petrushenko] Here you are mistaken. Our "progressive" journalists are depicting the unprecedented benefits of German aid because either they do not know the real state of affairs or they are falsifying it for the good of the "social order." Specialists have done scrupulous calculations of what the Soviet Union and the FRG will receive as a result of the unification of Germany by comparing them and...they were aghast. It turned out that the German side's advantage from gaining complete state sovereignty in monetary terms alone exceeds the corresponding advantages to the Soviet Union from nonreimbursable aid more than 90-fold! Correspondingly 1.39 trillion marks and 15 billion "nonreimbursable" marks allotted by the FRG to our army for resettlement, especially for building apartments. For more than 45 years we shipped to Germany all the best that we had. That is, for every apartment for a Soviet serviceman there will be almost 28 apartments for Germans. And the Ministry of Foreign Affairs is again calling for us "not to delay with the ratification," to "give the green light" to the financial "aid" that has been offered! But I would like to ask: Who is helping whom—are they helping us or are we helping them?

[Vladimirov] Excuse me, Nikolay Semenovich, but I too must interrupt. What calculations are you referring to. After all, figures can be manipulated to tell you whatever you want to hear. And then we are receiving humanitarian aid and food as well...

[Petrushenko] Aid, you say? No, on the threshold of the ratification the West German leaders are not stinting on "gifts" but our mass media are overcome with gratitude for their "generosity" and "humanism." But what is, say 30,000 tons of food? It is... 100 grams of "valuable food products" for each Soviet person. Compared to our truly generous gifts to the FRG this is actually nothing... As for the calculations, they are based on official sources that nobody disputes. You might ask: Why are we so monstrously deceived? And everybody is as quiet as a mouse. Because, in the first place, there are few who know about this—our Ministry of Foreign Affairs is able to hide its crudest calculations with significant references to "common human" interests and "new thinking." And when the sobering up begins, as with the conflict surrounding Kuwait, it will be too late, the train will have left the station. And, in the second place, honest people are not remaining silent. I recently received a letter from 66 eminent West German legal scholars and social and political figures headed by Professor Peters. Here is his idea in brief: In no case should you ratify the treaties in their present form; you Soviet people have every reason to demand additional tens of billions of marks from the FRG Government. The document gives tables and calculations worked out with German precision and references to articles from international treaties corroborating this conclusion. Our Ministry of Foreign Affairs, which, incidentally, translated this document, added a cover letter—it says that this is the private viewpoint of the professors and certain political figures (among these "certain" ones, incidentally, is the former head of the GDR Government G.

Modrov, who defended a similar approach) and that we had signed the corresponding documents and do not intend to disavow them.

[Vladimirov] Here for the sake of elementary objectivity I must stand up for the Ministry of Foreign Affairs. In its official statements the Soviet Union has repeatedly confirmed that the question of exacting reparations from Germany is closed. A change in this position, regardless of the noble feelings that may evoke it, would greatly complicate our relations not only with the unified Germany but also with all the Western powers. Do we need this now, at a time when we are trying to set up large-scale economic and scientific and technical cooperation with the West, and above all with the FRG? Will we not stand to lose a great deal more if we drag out what seem to be long-forgotten problems of 40 years ago? Incidentally, in 1923 France occupied the Ruhr region of Germany for the purpose of payment of reparations. Alas, it did not receive the payments and it greatly strengthened the positions of the sects of fascist youth headed by Hitler, which were small at that time! We must not turn backward but proceed forward, actively engaging in common European interaction. And the treaties create truly unique possibilities of this, especially the Treaty on the Development of Large-Scale Cooperation in the Area of Economics, Industry, Sciences, and Technology. Incidentally, Soviet diplomacy, albeit not skillfully or resolutely enough, has raised and raised repeatedly the question of reimbursement for harm caused to certain categories of Soviet citizens. This pertains to those who during the war years were driven to forced labor in Germany or subjected to medical experiments. Although, unfortunately, this problem falls outside the treaties we are discussing, still the Germans recently agreed to begin negotiations, and preparations for them are being made. True, it is much more difficult for us to achieve concrete results here than it is for the West Europeans or the Israelis, whose demands the FRG Government is listening to much more attentively, which, in my view, does them no credit, since it is well known that our losses were incomparably greater. I also wish to draw attention to the fact that my opponent is not acting quite properly. He is representing everything as the result of the unilateral efforts of the Ministry of Foreign Affairs and yet any negotiations are a bilateral process. So what we end up with is not what we want but that which obtains as a result of mutual concessions and compromises.

[Petrushenko] I categorically disagree with this last reproach. Take the treaty with Germany of 12 August 1970. There our diplomacy worked fairly well, I would even say masterfully, conceding exactly as much as we had to. That treaty really was equal and mutually advantageous, but the present treaties clearly lean in the direction of German interests. It is no accident that it was difficult and complicated for the 1970 treaty to pass through the West German Bundestag, while the 1990 treaties passed in a moment, as they say, without a hitch. Incidentally, the West German politicians are so interested in the most rapid ratification of these treaties by us

that they have hushed up criticism of Soviet policy in a number of areas, especially in the Baltic region. I have no doubt that after the ratification it will burst out with new force. Obviously, this aspect must also be taken into account. But in general the best and most durable basis for any treaties is mutual advantage. The West German professors who wrote me understand this better than our diplomats...

[SOVETSKAYA ROSSIYA] Let us move on now to the last problem—the withdrawal of our troops from the territory of Germany. This is probably the subject of the most critical remarks in the press, although it would seem that considerable concessions were made to us.

[Vladimirov] The criticism of the treaty on conditions for the arrival and departure of Soviet troops comes mainly from the military. Although this treaty was undoubtedly coordinated with them. One can undoubtedly understand how our military men feel; a number of mistakes have been made, especially with respect to the deadlines for withdrawal, and this treaty is perhaps less well thought-out than the others. But, on the whole it provides for normal and dignified conditions for the presence of Soviet troops in Germany and their planned withdrawal from there. Registered here is everything positive we achieved in the treaties with the GDR and also the practice of treaty regulation between the FRG and the Western states. A considerable sum is allotted by the FRG for the maintenance and resettlement of our troops: 15 billion marks. This will make it possible in 1991-1994 to construct four housing construction combines with a capacity of 100,000 square meters each, and 200 million marks will go for training and retraining discharged military servicemen.

[Petrushenko] The military must submit to discipline even if they disagree with something. And here I am speaking not as a colonel in the Soviet Army but as a people's deputy protecting the interests of his constituents... My opponent has called the treaty on the troops the "least well thought-out"... He would probably also call Chernobyl an "unpleasant incident." We can begin with the fact that in the treaty itself and in the appendices to it nothing is said about the initial rights of the Soviet Union as the victorious power. Only derived rights are discussed. This has led to a situation where the conditions under which the troops of the three Western powers are stationed in West Germany and West Berlin are infinitely better than those under which our troops will be stationed there. One asks why the Ministry of Foreign Affairs made such a gift to the FRG. Our troops in Germany were placed in conditions where they actually could not conduct maneuvers, training, and so forth, that is, their professional qualifications will inevitably deteriorate. Incidentally, after the signing of this treaty the flow of provocations and insults to our troops increased sharply—they are beaten and intimidated or, conversely, people try to buy them with hard currency and junk. Further. It is now clear that the figure of 15 billion marks mentioned by my interlocutor is greatly reduced. Just as the funds allotted for the transportation

of our troops were. We will make up for the payment with our own Soviet billions, in which, as you know, we are rolling... According to the calculations of the West Germany specialists themselves—I have the issue of SPIEGEL for June of last year—the deadline for the withdrawal of our troops earmarked in the treaty, four years, is quite unrealistic. The handling capacity of the railroads would make it possible to accomplish a complete withdrawal of our troops in 16-19 years, and if we add the navy and transport aviation, the time period for withdrawal will decrease to 9-10 years. And this is understandable: After all, they came here in a large river and are being sent back in small streams which, moreover, a number of countries (Poland, for example) want to dam up completely. What will happen? Will we blow up, bury, flood, shoot, or sell cheap that on which a colossal amount of our people's labor was expended? After all, the Germans, unlike us, can strictly and resolutely make demands when defending their interests: Since you agreed to 1994, that is what you must do... Would it not be better to show courage and admit that we made a big mistake with the time periods—we did not take into account all of the difficulties in withdrawing such an armada, and not to solemnly affirm: "Since this is what we promised, we shall abandon the territory of Germany before 31 December 1994!" When, figures in hand, we point out the error of the initial calculations, they will understand and they will either help us or they will not keep pushing us out so persistently.

[SOVETSKAYA ROSSIYA] But a rejection of the established deadlines could lead also to breaking other treaties, with all the political and economic consequences that ensue from that...

[Petrushenko] Here again everything is turned upside down. Having boxed ourselves in with unrealistic time periods and done a poor job of calculating material and technical support, we could at the same time sustain losses, and considerable ones—no less than 11 billion. And in the future the lost advantage will amount to 130-150 billion marks. One wonders where they got these figures. I will explain. Let us assume that we had the opportunity to maintain our Western Group of Forces indefinitely in a well developed area at full strength—350,000 men with annual pay from the West Germans for their maintenance of 3.5 billion marks, which is one-third greater than the present amount. This would make it possible not only to relieve our country of additional hard currency expenditures but also to send part of the currency back to our budget. If not directly, then indirectly—through the sale of Soviet-produced durable goods to military servicemen and civilian personnel: motor vehicles, furniture, and so forth, and also apartments and buildings on Soviet territory for freely convertible currency. Through transfers through field banks to the USSR Gosbank...

[Vladimirov] Excuse me, Nikolay Semenovich, but it seems to me that you are losing sight of reality, counting your chickens before they hatch, when the eggs are not even fertile...

[Petrushenko] Reality, you say? We have given Germany so much practically free of charge that it could certainly cover these expenditures without any special difficulty, until such time, of course, when all the conditions for decent duty and maintenance are created in the homeland for the Soviet troops who are leaving the territory. Do you know who the author of the plan I just presented is? Lothar Spaeth, the minister president of the most developed and largest West German land, Baden-Wuerttemberg, one of the most influential political figures of the FRG, who quite recently was recommended for the post of chancellor instead of H. Kohl. When Spaeth was asked the question: "Where will you get the money for maintaining the Soviet Army?"—he answered that he would count on getting it by considerably reducing the size of the Bundeswehr. Do you accuse him of a "being unrealistic" too? There is no denying it: The FRG is allotting 120 billion marks for raising the standard of living of the population of the former GDR, and a 20-year-old girl working in a bakery there receives more wages than the commander in chief of our group does. And when everything is ready in our country—that is when the troops should be withdrawn. No sooner. That would be fair and, incidentally, quite legal.

[SOVETSKAYA ROSSIYA] And, in conclusion, what would you wish from the parliamentarians attending the ratification of the treaty?

[Petrushenko] I personally would ask for them to vote against it and try to convince others to do the same. It would be no tragedy if we were to honestly and openly admit our mistake and not make it irreparable. What do foreign parliaments do, say, the U.S. Senate, which repeatedly in the past has refused to ratify treaties in spite of all the pleas from the State Department. Of course, there will be a considerable fuss and protests, especially from the FRG. But here we must display character and an understanding that concluding obviously unfair and unequal treaties will not improve the situation in Europe; on the contrary, it is more likely to create intractable confrontations, which in the future can again lead to tragic consequences. We are assured that the treaties have been ratified by all the Western powers. But, after all, 70 times more Soviet people than British died during the war years and 90 times more than Americans!... Let us finally put an end to our age-old practice of creating for ourselves difficulties that we will later have to overcome through heroic efforts. And let those who through their actions, deliberately or under the influence of perestroika euphoria, pulled the country down and undermined our security be given at least one sobering lesson. In brief, I suggest postponing the ratification and creating a special commission of the USSR

Supreme Soviet that, along with representatives of the Ministry of Foreign Affairs, would develop our new position at new negotiations.

[Vladimirov] I would still recommend not giving in to emotions, attentively thinking about the extremely complicated situation, both domestic and foreign, and voting for the ratification of the treaties. But at the same time it is simply necessary to make a number of provisos that protect our interests. I also support the proposal to create a commission of the Supreme Soviet. But for the purpose of developing a position on the problems that are still to be discussed. And there are quite a few of them. For the present treaties are just the beginning of the path to the development of large-scale interaction in Europe, on which we are just barely starting out. And it would be a mistake to get out of step, not to mention backsliding, to the times of confrontation with all of the negative consequences that ensue from that. No, in this case our diplomacy was not the best, and a number of obvious mistakes were made. But on the whole the treaties are needed, and not only for us but also for the FRG, for their ratification will open up the floodgates for granting us large amounts of material assistance which are now blocked. In a word, let us not march in place. Time does not stand still.

**"To be truthful, the German leaders have not yet had time to determine their new foreign policy. They have spent recent months expressing their gratitude, making palliative statements, swearing to their good feelings, and exclaiming that a miracle has taken place, a problem as difficult as squaring the circle has been solved, that they have managed to unify Germany without forfeiting a single one of the three fundamental components of Bonn diplomacy: fidelity to the Atlantic Union, attachment to the European Community, and the Eastern policy. The spiteful critics who previously warned against too great an attachment of the Germans to the East may rest: The unification was carried out within the framework of NATO, nobody remembers anything about neutrality any more and, finally, with the disappearance of the East German state and its joining the FRG, the main reason for the extraordinary disposition Bonn manifested at times toward Moscow disappears as well..."** (The newspaper *LA MONDE*, France).

**"Ultimately, however, Germany's intentions and its policy will be of decisive significance for changing the military course of Europe in the nineties and beyond. The geographical position, the size, and the economic might of the unified Germany also guarantee it a central role in the strategic plans of many European countries that are not included in the Western alliance, and to no small degree the Soviet Union as well. And indeed as soon as the Soviet troops are withdrawn from East Germany and the allied forces begin to withdraw their units from West Germany, there will be nothing left except diplomacy to restrain any German government that may resolve to change the system of security in Central**

### **Deutsche Bank Board Member on Soviet-German Economic Ties**

91UF0560A Moscow PRAVDA in Russian 14 Mar 91  
Second Edition p 5

[Article by Deutsche Bank Board Member George Krupp, Frankfurt-am-Main, under the rubric: "A German Banker's Point of View": "The 'Eastern Fantasy' and the Union Treaty"]

[Text] **The author of this article is a Deutsche Bank board member. It is the FRG's largest financial institution and its annual turnover exceeds 400 billion marks. George Krupp is in charge of the bank's management and its ties with the countries of Eastern Europe, including the Soviet Union. It is useful to become acquainted with his views since they to a definite degree reflect the impressions of the FRG's highest economic circles.**

As previously, the Federal Republic of Germany is the Soviet Union's most important Western trading partner. With the unification of both German states, it is defined to a greater degree than all others in the world as the USSR's largest foreign trading partner. This can be confirmed even in the event that if, according to predictions we have, trade between the Soviet Union and the enterprises in the five new federal lands is reduced by 50 percent in 1991.

The scale of Soviet-German trade seems, however, less impressive if you compare it with the total volume of German trade. In 1990, exports from the old federal lands to the USSR totaled 10.5 billion marks, that is, 1.75 percent of all of our foreign trade. Together with the former GDR [German Democratic Republic], German exports to the USSR totaled 25.5 billion marks. This is a total of four percent of total German exports. At the same time, I do not deny that exports to the Soviet Union, as in general exports to the Eastern European countries, will retain a vitally important significance for a large number of enterprises in the new federal lands for the foreseeable future.

Future trade with the Soviet Union is more essential than current trade. The political and economic transformations in the USSR and its opening to the West has aroused new expectations among German industry which has been traditionally oriented on exports. In our country, we frequently call this the "Eastern Fantasy." But this is explicable if you bear in mind that we are talking about the Soviet Union's enormous market potential with nearly 300 million consumers and gigantic raw material resources.

On the other hand, its enormous industrial potential produces only a very small amount of manufactured goods that are competitive on the world market. Less than one percent of Soviet manufactured goods are sold in non-socialist countries. The best known product in our country is the Lada automobile.

German industry does not lack the desire or willingness to render Russia assistance via intensive economic contacts in its aspiration to become integrated into the world economy. However, the question is how much the intensification of economic relations can be implemented under present conditions. Remaining uncertainty with regard to the integrity of the enormous state and the continuation of reform and also the Soviet Union's drastically increased foreign debt with repeated delays in paying off debt have inflicted serious damage on your country's previously excellent credit reputation. I will add frightening reports about reduction of production, the already inadequate infrastructure that needs reconstruction, and the decline in oil production which is a very important source of the USSR's hard currency income.

Not only the omissions of the past (that is, first of all the erroneous industrial-economic policy) but also the omissions and half-measures of reform are the cause of this disconsolate situation. It is quite obvious that the planning system, unproductive by Western standards but which more or less satisfactorily operated in past years, has turned out to be broken and a new effective structure has not been developed to replace it.

Meanwhile, the confusion in jurisdiction between Moscow center and the union republics has become for us, foreign observers, simply insoluble. All of us naturally welcome the independence which the union republics are increasingly acquiring. However, we cannot lose sight of the threat of total catastrophe for the USSR's economy as a result of nationalism and excessive separatist aspirations being manifested. The collapse of the USSR's economy would inevitably signify the collapse of each union republic's economy.

It is difficult to highlight a way out in the background of resistance to economic reform that is being rendered by groups that are interested in this, judging by everything. To me, one thing appears to be unquestioned: The Soviet Union and its Western partners to an equal degree first of all need clarity and confidence concerning the path selected. The time is more than ripe for the Union and the 15 republics to have already arrived at the conclusion of an agreement with regard to the Union Treaty. With due respect to the aspirations of the republics to obtain sovereignty, I will point out: It is impossible to count on success if the laws of one republic contradict the laws of other republics or the laws of the Union. The well-known situation in the country and the growing lack of confidence and restraint abroad is the result. The question is increasingly raised for foreign entrepreneurs: Who in fact controls and who has the right to handle products in the USSR which are being offered to them and who is the deciding partner while negotiating and concluding export deals? So, there must be a single concept of reform for the entire country.

At the same time, the truth that there is no third path between a planned and a market economy repeatedly manifests itself. In view of the country's massive scale,



one can naturally understand the aspiration not to prescribe the transition to a market in the form of shock therapy and to gradually implement it. However, clarity is required, when and what will occur, and where the road is leading.

Improving money management seems to be an important task of the reform program. Obviously, the ruble is currently worth practically nothing in its own state. The decision to permit trade for hard currency within the USSR is fraught with devastating consequences for the country's finances. Therefore, all notions about reform logically proceed from the fact that the circulation of hard currency within the USSR needs to be restricted or even banned. However, hard currency income from exports must not be used in an administrative procedure as it is now, but sold according to a fluctuating exchange rate on the hard currency market. Of course, enterprises must also have the right to purchase hard currency. The introduction of a hard currency market will give the Soviet economy strong impulses for inclusion in the world economy. The free activity of foreign enterprises in the Soviet market is also needed and they should be placed on equal conditions with Soviet enterprises in all regards. Soviet expectations and notions about the fact that foreign enterprises must operate exclusively for export in order to thus increase the USSR's hard currency receipts appear to me to be unproductive. A foreign investor would like to first of all supply the Soviet market, he has already long ago opened up the other markets.

It is understandable that it is unrealistic to finance transformations of the Soviet economy by using credits. Today one can quite precisely state that restructuring the economy of the former GDR will annually require no less than 100 billion marks over the course of many years. The Soviet Union's needs are naturally many times higher. But you need a special mathematical gift in order to see that it is impossible to locate credits on this gigantic scale. Already right now, the Soviet Union's foreign indebtedness totals nearly \$55 billion. At the same time, we must take into account that the finance problems that have appeared during the last year have not nearly been eliminated despite a great deal of assistance from the FRG. After Western bankers extended \$35 billion in unsecured credits to the Soviet Union, they are not manifesting a readiness for additional credits of this type under the conditions that have developed. For the time being, we do not know what Western governments will begin to do in this regard. Recent political events in the Soviet Union do not promote the readiness of Western state institutions to assist. They will have no choice but to transfer this restraint to the republics of the Soviet Union, at least until the urgently needed Union Treaty clarifies the future paths of the Soviet Union's development.

As we all know, a guarantee that now extends to all of Germany exists to finance German exports to the USSR. The federal government has provided a fundamental

guarantee and has allocated special resources for deliveries from the new lands. Until the end of 1991, it is ready to extend credit for 100 percent of these deliveries for a term of up to ten years and to delay the initiation of payments for three years. Justified deliveries to the USSR will thus not suffer. However, there is information that Soviet state foreign trade organizations have become extraordinarily constrained concerning the conclusion of new contracts. This especially concerns enterprises in the new lands. The USSR's difficult situation with convertible currency is apparently the reason for this.

The problems touched upon demonstrate how great the task is that the Soviet Union faces. Even if we understand that this task is insoluble without the Western industrial nations, the key to its resolution nevertheless is in the Soviet Union. And it is in the clarity and certainty of the planned goal and in the determination of the aggressive and efficient portion of the population first of all to realize and carry out this task.

I again and again return to what that I am convinced is necessary: The USSR and the union republics must agree on the political and economic future of their state. We have already known Union institutions for many years. Thus far we have little experience with regard to republic institutions, including the Russian Federation. And while Union laws and union republic laws contradict each other, Western partners will manifest restraint and will wait for the picture to clear up.

Increased pessimism does not enter into my plans. But who benefits by illusions? I think that the possibility to resolve the gigantic task with which the Soviet Union has tasked itself is discovered only based on sober analysis. We hope that our Western neighbors will increasingly begin to see that this task can only be resolved in cooperation with all Western industrialized countries. As for us, the Germans, we must be the first here to blaze the trail in view of our traditional ties and our geographic proximity to this great country.

#### **Advantages of Soviet-German Economic Cooperation Discussed**

*91UF0582A Moscow TRUD in Russian 21 Mar 91 p 5*

[Interview with A.S. Chernyshov, deputy chairman of the USSR State Committee for Labor and Social Problems, by TRUD correspondent E. Shulyukin; place and date not given: "German Lessons: Is the Experience of 'Social Partnership' in Capitalist Countries Applicable to the Environment of our Transition to a Market?"]

[Text]As the old economic structures crumble, completely new for us social problems arise. Can we in this area, too, draw on the experience of capitalist countries that have already overcome the painful processes related to transition to a market economy? This is the question our correspondent asked A.S. Chernyshov, deputy chairman of the USSR State Committee for Labor and Social Problems.

[Chernyshov] Not only can—we must. Of course, we should not do it mechanically. Still, the experience of capitalist countries is interesting in that it shows that many problems of modern society are easier and more fruitfully solved when all sides prefer cooperation to confrontation.

[Shulyukin] Do you have in mind the experience of particular countries?

[Chernyshov] Yes, and first of all the Federative Republic of Germany with which we have established and are successfully developing cooperation on social and labor problems.

[Shulyukin] What attracts us in the German experience?

[Chernyshov] The concept of social-market economy, which is based on the principle of social partnership, and its practical implementation. Not too long ago Dr. H. Schmidt, a well-known German specialist on the social-market economy, visited our country. He delivered a large number of lectures in more than ten of our cities. His presentations dealt with the development of small- and medium-sized businesses, the policy of social partnership, labor conflicts, and many other topics. The lectures attracted wide audiences—trade union activists, enterprise directors, and the president's staff.

Here are some main themes from H. Schmidt's presentation: "The concept of social-market economy assumes an economic system with a high degree of social freedom and initiative. Public policy, legislation, responsibility, and behavior are developed to be in tune with this criteria." And more: "It is necessary that both sides (the workers and the employers) also take into account the interests of the society... Currently, in the FRG, high moral and responsibility criteria are applied to both employers and the hired labor; it has become customary to show solidarity towards the unemployed and socially unprotected."

[Shulyukin] What specifically are we borrowing from the German experience, and how?

[Chernyshov] The beginning of our cooperation has a specific date. During M.S. Gorbachev's visit to the FRG in June 1989, many documents were signed, and among them an intergovernment agreement on cooperation in training the cadres for the services involved in the social protection of the working people, in particular, in the area of work safety and professional rehabilitation of the disabled. As a result, several dozen of our specialists were able to take a one to two months internship at large enterprises in Germany, which have accumulated considerable experience in work safety, health protection, and humane policies in regard to the disabled. We have received exhaustive documentation on these issues and have processed it, taking into account our own specific issues. We now have a state expertise service that deals with work conditions; we want to familiarize its employees with the world experience, too.

We have discussed with our partners many times a prospect of cooperation across the entire spectrum of social and labor problems. This is how we moved to a second intergovernment agreement. It was signed during the Soviet president's visit to the FRG last November. The document calls for large-scale joint actions, the goal of which is rendering maximum assistance to the Soviet Union in its implementation of the full volume of socioeconomic reforms.

[Shulyukin] Is the new agreement already being implemented?

[Chernyshov] To a large degree. First, some of our draft laws that regulate issues of labor and social policy have been subjected to expertise. We received an evaluation from German specialists. We have conducted a number of "roundtables" and seminars on the basic legislation on labor, employment, labor conflicts, and other problems. We have arranged the hands-on training for our republics' labor ministers. They attended a series of lectures in Moscow, delivered by Soviet and German specialists, and then had an opportunity to familiarize themselves with the formulation and implementation of the problems of interest to us in Germany, on all levels—from an enterprise to a federal department. Using the same approach, this kind of training was provided for the first group of administrators of labor and employment centers and centers for vocational training.

A matter of serious practical interest for us is the mechanism of social partnership already worked out in the FRG that ensures effective functioning of the system of social protection for all participants of labor relations and all population groups, and creates conditions for workers' participation in accomplishing public tasks. Within the framework of the second agreement, for instance, there is an intent to create—with the help of German partners—"pilot" job search and employment centers. We are preparing a number of new interesting projects. One of them had already been described in TRUD—sending to the FRG up to 15,000 Soviet workers-apprentices annually for up to three years—to improve their skills by working at German enterprises.

It is also possible that we will work out and sign other agreements on using our workers in seasonal and temporary jobs, but without any social guarantees. These agreements are based on the fact that the FRG has structural unemployment. A chronic shortage of labor is typical for their construction industry, a number of other industrial and service sectors, and among lower-level hospital workers. The German side is ready to give us information on their situation and the demand for labor; based on that, we will select apprentice candidates on a competitive basis. Our committee already has an administration for migration and relocation, which in the future will also be involved in labor migration abroad. Similar administrations will be established in the republics and the regions.

[Shulyukin] There is a question that comes to mind in connection with this. As is known, last year alone tens of thousands of ethnic Germans left the Soviet Union for the FRG. Judging from information in German newspapers, they experience considerable difficulties in finding jobs. Would not these two flows of our workers cross in the FRG?

[Chernyshov] No, this is not going to happen for a very simple reason that these population groups have a different social status and, even more, different interests in the FRG. I should also underscore that our state has an interest in having our Germans remain USSR citizens. The FRG Government, in turn, also has the same interest, and it is ready to work with us so that permanent cooperation could be established that would help our Germans in developing economic and business skills, and in solving a variety of socioeconomic problems. For us, this is something completely new; we are studying these proposals. We believe that this may present a new opportunity for cooperation between our labor administrations.

There is one more direction in the cooperation that has emerged in connection with the German unification and the planned withdrawal of our troops from Germany. This involves teaching our soldiers civilian skills, so that after demobilization they could engage in productive labor and support themselves and their families. For instance, the German defense department has 27 training centers that provide training in civilian professions for those in the military service.

The FRG Government has allocated DM200 million to establish a long-term program that will create five centers for retraining the military—in Moscow, Leningrad, Kiev, Minsk, and Alma-Ata. Five more centers in Russia, Ukraine and Belorussia will be re-equipped with modern educational devices and equipment. In the future they will serve as a model to be replicated in many oblasts. The German partners undertake to help us with new technology, training methods, programs, and consultations. The classes will start this fall. Now we are beginning the training of masters in many professions.

I think that we should also study, and, perhaps, adopt the German experience in the area of the mechanism and functioning of social protection of the military that provides them with civilian skills while they are in military service. This would have helped a lot in changing the youth's attitude toward the military draft and service. Our young people would know that the months spent in the army will allow them not only to fulfill their civic duty, but also to acquire a good civilian profession.

Our cooperation with the FRG in the area of social issues is reinforced by the growing interaction between the trade unions of the two countries, and by direct contacts between workers' collectives and businessmen. Our enterprise administrators and the workers must see in practice how German businessmen, in cooperation with

the trade unions, achieve high labor productivity and product quality, and how high standard of living of workers and socioeconomic stability are ensured.

### European Bank President States Support for USSR

LD2503070891 Moscow TASS in English 0657 GMT  
25 Mar 91

[By TASS correspondent Igor Kuleshov]

[Text] Paris March 25 TASS—The Soviet Union will have the support of the European Bank for reconstruction and development (EBRD), EBRD President Jacques Attali told Europe-1 Radio on Sunday.

There will be three priorities in assistance to the Soviet Union: technical assistance in building the missing structures of the Soviet legislative and legal systems, an appropriate help in the development of infrastructures in the areas of distribution, telecommunications and the power sector necessary for a market economy, and assistance to the private sector with the aid of Western businesses, Attali said.

The Soviet Union is following the right road, he added.

Among big projects to be considered by the EBRD, he mentioned plans to purify the waters of the Baltic Sea, to establish infrastructures to make it easier for the two parts of Europe to draw closer together: telephone and railway networks, telecommunications, and the development of the sector of medium and small-size businesses.

European countries should be given an opportunity to create a single Europe "either within the framework of a confederation or, maybe, a single market involving all European countries," Attali said. The EBRD is the embryo of such unity, he emphasised.

### Prospects for EC 'Superpower' Assessed

91UF0521A Moscow IZVESTIYA in Russian 20 Feb 91  
Union Edition p 6

[Yu. Kovalenko report: "A Herculean Labor: Europe on the Road To Being a 'Superpower'"]

[Text] Paris—Just a few years ago, the American professor David Gordon recalls, if the United States had a cold, then pneumonia was setting in in Europe. Now, everything has changed. The American economy is suffering from a serious bronchitis, the scholar says, and Europe is already advising us to take a couple of aspirin and drink lots of fluids... Today, Europe is becoming a superpower that can deal on equal terms with both Washington and Tokyo.

Starting in the 1950's, in Western Europe integration processes enabled the states of the European Community (EC) to achieve unprecedented successes. For three decades the EC has significantly strengthened its economic might, and its political influence and military potential, including nuclear weapons, have grown. Euro-pessimists on both sides of the former "Iron Curtain" have been forced to admit the error of their predictions—there has been no "sunset over Europe," and the

EC has, along with the United States and Japan, become one of the three world centers.

The EC is creating a new model political and economic arrangement in which provision has been made for many of our ideas about the role of the machinery of state, and there is more freedom for the individual and for production forces and capital. The political experts are saying that whereas the chief principle in relations between countries remains competition, within the framework of the community this is gradually being replaced by cooperation.

True, last year a whole series of events—the reunification of the two German states, the collapse of the regimes in East Europe, the crisis in the Soviet Union—did lead to a situation in which some Western leaders, first and foremost Margaret Thatcher, began to insist on the need for a pause in European development and to wait a while to see how events would unfold.

At the latest summit meetings, however, it was nevertheless decided to force through integration and set course toward the creation of not only economic and monetary union but also military-political union. At the same time the supranational institutions in the community have been strengthened.

Since mid-December of last year, two intergovernmental EC conferences have been working. One is dealing with matters pertaining to monetary and financial union, and the other with political union. They should complete their work with the conclusion of two new treaties.

It is precisely the creation of monetary and financial union that is regarded as the priority task by President of the EC Commission Jacques Delors. The first stage was initiated in mid-1990, when the 12 EC countries removed all restrictions on the movement of capital. The next stage is to establish an independent central bank for the EC by early 1994, and the final stage will be the introduction of a common currency by the late 1990's—the ECU, which will replace national monetary units. This assumes that a common budget and economic policy will be drawn up for the members of the Community, and even the formation of a special cabinet of ministers.

But already J. Delors is apprehensive that the new British premier, J. Major, intends to sabotage his program by submitting a proposal to set up a "hard ECU"—a monetary unit that will circulate in parallel with the national currencies existing now.

Movement toward political union assumes a significant extension of the powers of the supranational institutions and their improved efficiency, and also devising a single policy in the field of foreign policy and defense. To this end French President F. Mitterrand and German Chancellor H. Kohl are proposing an extension of the prerogatives of the Community's European Council (which unites the heads of state and government) and of the European parliament.

Is the day coming when the EC countries will be able to achieve agreement on all foreign policy issues? In recent years they have periodically spoken from common positions on many key problems. Nevertheless, there are still dissonances, and each state tries to pursue its own policy, particularly in areas affecting its vital interests—France in Africa, Germany with respect to the Soviet Union, Great Britain with respect to the United States. As events in the Persian Gulf have shown, up to now national priorities have most often prevailed over European priorities. But J. Delors emphasizes that it is precisely a common foreign policy that should be the "lungs" of political union. And gradually, as integration processes intensify, the European factor will predominate over the national factor here.

The same trend can also be discerned in the field of defense. Paris and Bonn are advocating greater European reliance on NATO, and this not by chance. It will enable them in the long term to have considerable independence in the military sphere and reduce their dependence on Washington. It is noted in the European capitals that supranational political structures must sooner or later be underpinned with military structures. One way to do this is to transform NATO, for example, into a "European Pact," with active participation by Paris, as suggested by the former President of France V. Giscard d'Estaing.

The idea of transferring military matters to the EC by using all the existing mechanisms of the Community, including summit meetings and conferences of the foreign ministers, is increasingly gaining ground. But in order to do this it is necessary to revise the Treaty of Rome, which established the Common Market and excluded military issues from the sphere of its competence. Many experts believe that the nucleus of "Euro-defense" will be the Western European Union (WEU)—a military-political grouping that units nine of the EC members.

Today, the Community frameworks in which the construction of Europe is taking place, seem too narrow. But how can they be expanded without slowing down the complex processes of integration? About two years ago Jacques Delors proposed the creation by 1993 of a common "European economic zone" for the countries of the EC and the European Free Trade Association (EFTA), which includes Austria, Iceland, Switzerland, and three Scandinavian states (Norway, Finland, and Sweden). It is not out of the question that in the future this would lead to the merging of the two organizations. The community is ready now to enter into consultations with EFTA on all new draft legislation.

Some Western countries that at one time did not want to join the EC are now regretting it and would like to join the Community. Austria has announced its intention of so doing, and Sweden is ready to join. Various forms of association with the Community are being sought by the



North African and European countries, which cannot join the EC because of their low level of economic development.

As one of the Paris newspapers writes, along the road of integration it is still necessary to "perform the 12 labors of Hercules." One of the first is to complete the creation of a common domestic market by 1 January 1993. In order to do this it is still necessary to confirm about 80 pieces of legislation, which must then be approved by the national parliaments. But already there are no serious obstacles to the creation of a common market: Within the community there will be no border or customs barriers, and goods, capital, and manpower will be able to move freely from one country to another.

The future political arrangement in Europe is a much more difficult task. There is no unity in the Community on this issue. In France, for example, they are advocating the creation of a union of European states—a "Europe of homelands"—each of which will retain its own sovereignty and independence. Others favor a federal arrangement—a "Homeland of Europe"—(similar to a "United States of Europe." It was precisely for this kind of Europe that the overwhelming majority voted at a recent meeting of EC parliamentarians in Rome.

But the leading party of the right in France—the *Rassemblement pour la République* (RPR)—believing itself to be the spiritual heir of General de Gaulle, claims that it is impossible to build Europe on a repudiation of the national factor. The RPR chairman, former Premier J. Chirac, has expressed himself of favor of preserving "statehood, independence, and national sovereignty," which, in his words, are not anachronisms for him.

Proponents of the other concept believe that a part of sovereignty must inevitably be surrendered. This is necessary, President F. Mitterrand notes, for the higher goal—achieving European might and prosperity for all its citizens. They are, however, doubtful that the kind of powerful political institutions that exist today in the United States can ever be created in the European Community. An association of European states does not mean loss of national features, not to mention language, culture, and tradition.

The outward attributes and symbols of the community are gradually gaining currency—the dark blue flag with 12 gold stars, an anthem, the passport. Work is under way on a new concept—European citizenship. Obviously, in the future, if any Frenchman wants to have dual citizenship—European and French—he will be able to. It is the opinion of some jurists that not only common institutions but also common European laws and a constitution are needed.

Notwithstanding, some French politicians fear that Europe will be transformed into a centralized superstate ruled by Euro-bureaucrats from the various common structures and institutions. Many reason that there is a "scarcity of democracy" in the European Community, when all the most important decisions are being made at

the top level—meetings of the heads of state and government—while executive power is concentrated in the hands of the EC Commission.

The only way to deal with this "scarcity" is to extend the powers of the European Parliament—the elected organ whose members are united not on a national principle but party principle. Evidently, over time this parliament will start to be really involved in the making of European policy, approving legislation, and so forth, and this will lead ineluctably to a weakening of the national parliaments.

How can national interests and European interests best be combined? How will it be possible to achieve a division of powers between state organs and common European institutions? This is one of the most difficult issues, and it has been the subject of fierce debate for many years in the West. There are no doubts about the common criterion—maximum efficiency. In other words, only those problems that are more difficult to resolve at the level of a single state are resolved at community level. But here we once again clash with national priorities, which, understandably, no one wants to give up.

The creation of a unified Europe entails the introduction of major changes to existing structures in the classical state, which will gradually lose some of its functions, transferring them to supranational organs. This prospect is being opposed by some of the population and some of the politicians, particularly in France, where the central authorities still play an important role.

Construction of the "new Europe" is being done "from above." The most important political and economic issues are decided at meetings of heads of state and government. But it is the opinion of some experts that integration, at least during the initial stage, opens up the greatest opportunities for modern enterprises and the largest banks and monopolies, which under conditions of an expanding market are strengthening their own positions at the expense of the weaker and less adaptable. In short, losses are inevitable, and the problem is to minimize them.

Among the numerous aspects of integration we also find the "human index." This includes the social, cultural, scientific and technical, and ecological factors. A "Charter of Fundamental Social Rights" that within the common European frameworks will guarantee citizens of the 12 countries minimum rights to employment and social security and trade union activity has been affirmed.

The European community is combining its enormous cultural potential. The countries are cooperating in making movies and television programs and organizing fairs that take place under a single European flag.

Despite the obvious difficulties, the building of the European home, or, more accurately, its western wing, continues. It is still too early to say even where the

foundation for the eastern wing should be built. Disintegration is intensifying in the Soviet Union; some people would like to dismantle the old building brick by brick. Quite recently the West was proposing various forms of associations and agreements to us, and it floated the idea of creating a "European confederation" stretching from the Atlantic to the Urals. But now, as it observes our breakup with alarm, it has abandoned its intentions of building something together with us.

### **Closer French Ties to NATO Viewed**

91UF0574B Moscow IZVESTIYA in Russian  
22 Mar 91 Union Edition p 6

[Article by Yu. Kovalenko: "A Step Towards NATO: France Changes Its Military Doctrine"]

[Text] Paris has decided to take part in the work of the NATO Military Planning Committee, which is dealing with issues involving an evaluation of the potential threat to this bloc's member countries as a result of the disbanding of the Warsaw Treaty Organization.

This decision provided further proof that France's military doctrine is undergoing substantial changes. Since France withdrew from the North Atlantic Treaty Organization in 1966, its representatives have not been present at Military Planning Committee meetings.

Observers note that under the new circumstances that have emerged on the European continent, Paris intends to get involved in the discussion of various aspects of NATO activities. Gabriel Robin, France's permanent representative at this organization, already participates, together with other ambassadors, in the weekly meetings of the North Atlantic Council where political problems are discussed: the future of the North Atlantic Treaty; the creation of a "European foothold" within its framework; the expediency of widening the bloc's zone of activities beyond Europe, etc.

Now France is also ready to participate in the discussion of strictly military matters. The main item on the Military Planning Committee's agenda is an evaluation of the "risk"—until recently the term used here was "threat"—related to the Soviet Union, taking into account that its army still represents a formidable military force even after the liquidation of the Warsaw Pact. French representatives declared, however, that they do not intend to participate in the work of the next phase of the Military Planning Committee, where, based on the "risk" assessment, new strategy will be developed.

According to LE MONDE, at this transitional stage of its relationship with NATO France has to resort to this kind of juggling act. On the one hand, Paris does not seem to be set on a final return to the NATO military organization yet. On the other, it is, together with Bonn, a main driving force in the creation of a "European defense,"

which will inevitably lead to substantial changes in the relationship between France and the North Atlantic Union.

One of the most important items is the issue of revising the very essence of an integrated military command of the North Atlantic Union. Is it absolutely necessary, as the United States believes, to preserve NATO's unified military command, which has to be American? This is the question French specialists ask (for Washington, it is a most delicate problem, on which the preservation of substantial numbers of American troops in Europe also hinges). Should there not be, on the contrary, two independent commands—one European and one American, which will be connected by minimal liaison?

Many experts believe that France's participation in "European defense" will inevitably lead to its return, in one form or another, into the NATO military organization. It is not possible to play a key role in forming a "Eurodefense" and at the same time stay outside the bloc. This, of course, is well understood in Paris. Recently one French diplomat, in talking about the creation of European rapid deployment forces of the basis of already existing French ones, stated: Paris is ready to agree for its units to be under the NATO integrated military command, along with units from other Common Market countries.

The step taken by France in the direction of NATO was speeded up not only by the fundamental changes in the eastern part of Europe but also by the military-political rapprochement between Washington and Paris during the Persian Gulf crisis. At the same time, as the Martinière talks between F. Mitterrand and G. Bush showed, Paris continues to be against the expansion of the North Atlantic Union's zone of activities, and is against it being not only the military but also a political tool of the United States.

### **Delay in Meat Shipments From FRG Explained**

91UF0489A Moscow SELSKAYA ZHIZN in Russian  
15 Feb 91 p 3

[Article by TASS correspondent S. Sosnovskiy: "Shipments Delayed"]

[Text] Bonn, 14 Feb (TASS)—Delivery of a large shipment of meat from Germany to the Soviet Union, agreed upon by the two countries back in September of last year, is still being delayed. This came out today in an interview by the Deutschlandfunk radio station with Wolfgang von Geldern, Bundestag deputy from the Christian-Democratic Party. According to this parliament member, the reasons for such a prolonged delay in the delivery of the much-demanded cargo are strict requirements in regard to importation of animal products on the part of Soviet veterinary services, and the position of the Polish Government. Poland, said von Geldern, demands that the Soviet Union pay it a substantial amount, all in hard currency, for the transit of the food transport.

## Ministry Official Views Status of Trade with Eastern Europe

91UF0543A Moscow ARGUMENTY I FAKTY  
in Russian No 10, Mar 91 p 4

[Interview with R. Piskoppel, director of the Main Administration for East European Countries of the USSR Ministry for Foreign Economic Relations, by ARGUMENTY I FAKTY correspondent Yu. Sigov; place and date not given: "Oil For Tomatoes"]

[Text] ARGUMENTY I FAKTY correspondent Yu. Sigov talks with R. Piskoppel, director of the Main Administration for East European Countries of the USSR Ministry for Foreign Economic Relations, about the current status of trade relations between the Soviet Union and the states of Eastern Europe.

[Sigov] Beginning 1 January 1991, in its trade relations with the countries of Eastern Europe the USSR has shifted to an accounting system in freely convertible currency. Since the beginning of this year, goods from the East European countries have absolutely disappeared from the shelves of our stores. What has caused this?

[Piskoppel] I recall that about 50 percent of the foreign trade turnover of the Soviet Union is attributable to the states of Eastern Europe. Problems in our trade relations with the former socialist countries began back in 1987 and continue to intensify. Previously it was state trading with state, and enterprises were entirely unconcerned about export shipments of their products. It has now been decided to conduct accounting in freely convertible currency but, insofar as no one has such currency, trade itself has come to a halt.

[Sigov] It was previously believed that the socialist countries sold us goods they did not need and the West would not accept. We traditionally paid for "fraternal consumer goods" in fuel...

[Piskoppel] Talk to the effect that the socialist countries palmed off "second-hand junk" to us is entirely groundless. We cannot forget that the market of the socialist countries was isolated from the world market and developed independently. They sold what was produced on it. True, Czech footwear, Bulgarian street cars, and Hungarian buses may be worse than those produced in Western Europe. But they are quite a bit better than our own such products. In addition, we turned out vehicles and equipment to Eastern Europe which not a single Western country would purchase at any price.

[Sigov] At one time Polish suits, not of the best quality, were hanging in our stores, and even our unpampered consumer left them on the rack. But today these items too have disappeared from the store windows. Has Poland stopped delivering them to us?

[Piskoppel] Polish suits are not the low-quality item you have in mind. They are sold successfully on the British and French markets, for example.

The fact of the matter is that we have very little currency, and the government has therefore decided to push all currency reserves to the purchase of spare parts, medicines, and foodstuffs. For example, 80,000 Icarus buses are travelling the roads of the USSR, for which we annually spend 250 million foreign currency rubles on the purchase of spare parts alone. The same is true of the situation concerning trolleys and diesel locomotives from Czechoslovakia. If we do not pay for these spare parts in currency, our transportation will simply come to a halt.

As far as clothing, footwear, and consumer goods are concerned, we have been forced to sharply curtail our import of these from the East European countries. The present level of these imports is only 10 percent of what was purchased last year.

[Sigov] Today many enterprises have the opportunity of trading directly with partners in the former socialist countries. If neither we nor they have currency, perhaps we could establish ties based on barter transactions?

[Piskoppel] It is not all as simple as it appears at first glance. Right now only one-third of currency reserves remain at the disposal of the Union government for centralized purchases—the rest is at the disposal of enterprises or goes to service state debts. But how do enterprises use their money? Practically speaking, few purchase new equipment, machine tools, or technology for currency. A lot of money is spent on video equipment, tape recorders, and perfumes for employees, on the other hand. And the director of one of our "export" enterprises often considers it a matter of honor to drive around in nothing less than a Toyota or Mercedes. Annual purchases of foreign-made cars have increased 40-fold. Of course, each enterprise knows best what to spend its earned currency on, but consideration must be given not only to today, but to the future as well.

[Sigov] In spite of the transition effective 1 January to accounting with the socialist countries in freely convertible currency, we continue to pay for those same spare parts for Icarus buses in oil and petroleum products. How long will this, may I say "advantageous trade," continue?

[Piskoppel] As we know, USSR export-available oil was halved with respect to the 1989 level, and oil export was reduced accordingly. Even in view of the absence of freely convertible currency among our partners, however, we are ready to deliver them oil in exchange, let us say, for oil equipment and pipeline (trade with Romania is proceeding in this fashion, for example). At the same time, Bulgaria, without freely convertible currency, is offering us foodstuffs and chemical products in exchange for oil.

[Sigov] And what is the current status of trade concluded with the former GDR by contract?

[Piskoppel] The GDR used to be our main trading partner in Eastern Europe. By mutual agreement with

the present FRG Government, all the old contracts with the former GDR were fulfilled by 1 February of this year. Today the FRG has adopted a preferential system for Soviet enterprises that were previously linked in cooperative efforts with East German partners.

[Sigov] Are trade relations with our former "brothers in the socialist camp" being normalized?

[Piskoppel] First of all you must understand that we cannot disappear from one another's vicinity. Historically it has come about that they are our nearest neighbors. It is now time to effect a transition to genuine market commerce. We have already succeeded in setting up many sectors of trade with our partners in Eastern Europe—primarily with respect to medicines, foodstuffs, and spare parts for means of transportation. I think in the very near future we will see trade established in other spheres as well. True, a great deal here will depend not only on the Ministry for Foreign Economic Relations but on the enterprises themselves, which must more actively develop direct ties with foreign partners.

#### **MFA Collegium Discusses Relations With E. Europe**

91P50120A Moscow *RABOCHAYA TRIBUNA*  
in Russian 5 Mar 91 p 3

[Unattributed report: "The Peoples Have a Right to Choose".]

[Text] The Collegium of the USSR Ministry of Foreign Affairs discussed the status and prospects for the development of relations with the countries of Central and Eastern Europe. An intense and extended exchange of opinions took place on a wide range of issues pertaining to the political, economic, trade, and cultural relations between the Soviet Union and these countries in conditions which are forming in a region of radical sociopolitical transformations. The decline in contacts in a number of areas and the decrease in the levels of cooperation were noted with concern. The necessity of preserving and adapting to new circumstances all those positive things which were achieved in the many years of cooperation between our countries and peoples in various spheres, and of energetic measures for increasing cooperation in accordance with the good historical traditions was emphasized. At the same time the resoluteness to proceed further along the path of renewal of the entire infrastructure of cooperation on the basis of good neighborliness, equal rights, mutual advantage, the acknowledgment of the right of each people to freedom of choice, and a consideration of the real interests and capacities of the parties was affirmed.

The expedience of pursuing the renewal of the legal basis of relations with the countries of Central and Eastern Europe and the acceleration of a conclusion of new interstate political agreements with them in the context of the positive processes on the European Continent was noted.

The Ambassadors of the USSR to Bulgaria, Hungary, Poland, Rumania, Czechoslovakia, and Yugoslavia took part in the work of the collegium.

#### **Archival Materials on Invasion of Czechoslovakia**

91UF0519A Moscow *PRAVDA* in Russian 18 Feb 91  
Second Edition pp 1, 6-7

[Interview with Igor Vasilyevich Bukharkin, expert of the USSR MID diplomatic history administration, by V. Sharov under the rubric "Documents Devoted to Glasnost"; time, place, and date not specified]

[Text] Time is opening the archives. This time the USSR MID [Ministry of Foreign Affairs] has removed the curtain of secrecy from documents which shed light on one of the most dramatic pages of recent history—the introduction into Czechoslovakia in August 1968 of troops of five states—participants in the Warsaw Pact. We talk with I. V. Bukharkin, expert of the USSR MID diplomatic history administration.

#### **Pages of History**

[Sharov] The day 21 August 1968 left a burning wound in the life of our generation. Before that we had been told over and over for a long time that the achievements of socialism were threatened and that capitalism was being restored there. But even so, when the report came that Soviet tanks had entered Prague at dawn of that August day, many people felt very bad. Where were you, Igor Vasilyevich, when the TASS report that military units of the five allied countries had entered "all the oblasts and cities" of Czechoslovakia came out?

[Bukharkin] That day I was at my work place—in our embassy in Belgrade. The ambassador, Ivan Aleksandrovich Benediktov, had received instructions from Moscow to visit the minister of foreign affairs of Yugoslavia (in the terminology of that day, the state secretary) and inform him of the introduction of troops and provide the appropriate explanation. The embassy counselor and I accompanied him.

It has become more and more clear over the years that the "international aid" interrupted the process of the democratization and renewal of socialism—and not just in Czechoslovakia. Obsolete structures and the stagnant social life were "preserved" by force. After the start of perestroika in our country and after the revolutionary upheavals in the countries of Eastern Europe, a reevaluation of the events of August 1968 became just a question of time.

[Sharov] And that time has come. On 5 December 1989 two short documents were published in the Soviet press—the Statement of the Soviet Government and the Statement of the Leaders of Bulgaria, Hungary, the GDR, Poland, and the Soviet Union. They defined the introduction of troops into Czechoslovakia in August 1968 as intervention in the internal affairs of a sovereign country and as a wrongful action which interrupted the

process of democratic renewal in the CSSR and had long-term negative consequences. I think that many people read the statements and said to themselves: "Justice has triumphed at long last!" But at the same time there was a sense of sorrow: the understanding of this came late, too late. But let us return to the documents. A part of them provides a picture of the events and the atmosphere which preceded the military action of 21 August. We could give this part of our conversation the following title:

**The first introduction of troops into Czechoslovakia, which few know about.**

[Bukharkin] Yes, it is clear from the documents that the contingent of Soviet troops was brought into Czechoslovakia even before the August events. On 6 May the Soviet ambassador in Warsaw, A. B. Aristov, was given instructions to visit W. Gomulka, then head of the Polish United Workers Party, and report the following: "In connection with the situation which has taken shape, the CPSU Central Committee and the Soviet Government deem it necessary to conduct training exercises with one Soviet motorized rifle division in Polish territory near the Polish-Czechoslovak border in the region of Cieszyn, Bielsko-Bialo (60 kilometers south of Katowice) and Pszczyna.

"If the PZPR [Polish United Workers Party] and the PPR [Polish People's Republic] Government agree, then this division could be transferred under its own power and the armored equipment moved by rail. The transfer should be made on 7 and 8 May, with the main forces of the division to arrive in full in the designated region by the evening of 8 May."

Attempting to forestall the questions and doubts of the Czechoslovak citizens, the commander in chief of the Unified Armed Forces of the Warsaw Pact States, Marshal I. I. Yakubovskiy, in an interview with a RUDE PRAVO correspondent on 18 June 1968, explained that these training exercises would be conducted "in accordance with the plan of the Unified Armed Forces headquarters" and "in an effort to work through questions of cooperation and troop control while waging contemporary operations, and to further increase the combat readiness of troops and staffs." Unlike the well-known training exercise called "Vltava," which occurred in September 1966 and in which a large number of troops from the four allied armies participated, these were command-post exercises. To participate in them, "the plan is to enlist commanders and staffs and communications and support forces and means" from the armies of Czechoslovakia, Hungary, Poland, the GDR, and the Soviet Union. The exercises will be held on the territory of Poland, Czechoslovakia, the GDR, and the USSR, the Marshal reassured the Czechoslovak community.

The exercises provoked a sharply negative response and served as a pretext for launching an anti-Soviet campaign in the CSSR mass information media.

To illustrate, on 13 July 1968 the Soviet ambassador in Prague, S. V. Chervonenko, reported that 52 letters and telegrams had come to the embassy on 11 and 12 July. Thirty-eight letters and telegrams contained resolutions of party organizations, trade union meetings, or collectives of enterprises or opinions of particular citizens—for the immediate withdrawal of Soviet troops from Czechoslovakia's territory. In addition, nine letters came to the embassy from individual citizens who supported leaving the Soviet troops in the CSSR and expressed fears for the fate of socialism in Czechoslovakia.

On 11 July A. Dubcek, who headed the Czechoslovak Communist Party, informed our ambassador that he had summoned all editors of the central newspapers, radio, and television to the Czechoslovak CP Central Committee and warned them that under no circumstance were they to publish the resolutions and letters demanding the withdrawal of Soviet troops, since it might provoke an anti-Soviet campaign. If the instructions were violated, A. Dubcek had warned, the guilty parties would be severely punished.

But this was not heeded. On 12 July the newspaper PRACE published a number of resolutions demanding the withdrawal of Soviet troops from Czechoslovakia. That same day, during a broadcast a television announcer pointed out that in the Soviet text of the report on the end of the command-post exercises (unlike the Czechoslovak text), the last paragraph, which spoke of the withdrawal of the allied army subunits from Czechoslovak territory, was missing.

[Sharov] Some people call the July command-post exercises a rehearsal for August 1968. We will not try to clarify how much truth there is in these words. We will move on to a different group of documents. And we will explain to the reader that we are not intending to give a chronicle of events by days, hours, and minutes. Nor do the materials from one department permit that. But the MID documents provide an opportunity to uncover the deep-lying sources of the August events, explain the positions of the main characters, and answer the question of who was responsible for the introduction of the troops.

[Bukharkin] I agree with you. I have a specific proposal: let those who were deciding the fate of Czechoslovakia at that hour have the floor.

[Sharov] Let us begin with Poland, the largest country of Eastern Europe.

**W. Gomulka: "Our immediate intervention is needed."**

[Bukharkin] I have in my hands two messages from our ambassador A. B. Aristov. On 17 April he reported that in evaluating the situation in the CSSR, the first secretary of the PZPR Central Committee, W. Gomulka, said that "the process of turning socialist Czechoslovakia into a bourgeois republic has already begun there." He expressed the opinion that "our immediate intervention is needed" and that "we cannot be an indifferent



observer when counterrevolutionary plans are beginning to be carried out in Czechoslovakia." In regard to the situation in Poland, Gomulka noted that by no means had everything been done to purge the party of Zionist elements. "There are," he said, "a considerable number of people in Poland who would like to repeat what is happening in Czechoslovakia. Events developing there are having more and more of a negative effect on Poland. Other countries of people's democracy also feel this effect. Several harmful articles have appeared in Polish newspapers and journals. In connection with this, the necessary measures will be taken against the editors of these newspapers and journals. We will not allow what happened in Czechoslovakia," Gomulka said, "where the press and radio and even certain members of the Central Committee Politburo began to interpret party policy each in its own way."

On 21 May the ambassador reported that "Comrade Gomulka knows that Ceausescu urgently invited and is inviting Comrade Dubcek to visit Romania. But Comrade Dubcek answered that he could not take advantage of this invitation at the present time. Then Ceausescu himself asked to visit Czechoslovakia, but it seems the Czechoslovaks have not yet given an answer.

"Broz Tito also urgently invited Comrade Dubcek to visit Yugoslavia, and himself did not seem averse to paying a visit to Comrade Dubcek.

"In Comrade Gomulka's opinion, these three countries are united by an attraction to the West and their common desire to leave the socialist camp and form a kind of unspoken alliance.

"Of course, even under Novotny (Antonin Novotny, the first secretary of the Czechoslovak CP Central Committee and president of the CSSR until 1968—editor's note) Czechoslovakia wanted very much to restore diplomatic relations with West Germany. When the PPR party-governmental delegation was in Prague the previous year in connection with the signing of the Treaty on Friendship and Mutual Aid between Poland and Czechoslovakia, Comrade Gomulka formed the opinion that Czechoslovakia was already prepared to send its representatives to Bonn. In that regard Dubcek is merely continuing the line to converge with West Germany. And if the Czechoslovaks have not now established diplomatic relations with West Germany, in actual fact these relations already exist.

"Thousands and tens of thousands of Germans have no difficulty visiting Czechoslovakia. On Czechoslovakia's side, a large number of people also maintain extensive contacts with West Germany on scientific matters, on all kinds of matters of industrial and economic ties, and on cultural affairs. We must assume that in any case sooner or later they will establish diplomatic relations." "Although, as Comrade Gomulka knows," the ambassador continued, "recently the Czechoslovak CP Central

Committee has in fact been doing some things to counteract internal reaction (banning a large student demonstration which was to be held in Czechoslovakia several days ago and certain measures to control the press, radio, and television), but Comrade Gomulka believes that we cannot help but see the development of a dangerous process—the conversion of socialist Czechoslovakia into a bourgeois republic. This conversion, this take-over, does not necessarily have to occur by armed means. The bourgeoisie has also become cunning. This conversion may even occur in a 'peaceful manner,' gradually. For that reason we must not lessen attention to events occurring in Czechoslovakia. The fact is that in certain places elections of trade union organs are already being held without communists. Industry is being reorganized on the Yugoslav example, or perhaps even worse. 'I do not know to what degree this corresponds with reality,' said Comrade Gomulka, 'but there are reports that up to 200 communists in Czechoslovakia have committed suicide.' The party now remains paralyzed in actual fact.

"Comrade Gomulka told about his visit to Hungary in connection with the conclusion of the Treaty on Friendship and Mutual Aid and about conversations with Comrade Janos Kadar. Comrade Gomulka said that he and Comrade Kadar had different opinions on events in Czechoslovakia.

"Comrade Kadar asserts that there is no danger of a counterrevolutionary coup in Czechoslovakia. He continues to consider Dubcek a politically reliable and mature leader. To be sure, Comrade Kadar said that there were elements of anarchy in Czechoslovakia, but that it was a temporary phenomenon and that Czechoslovakia would not leave the socialist path. In Comrade Gomulka's words, in a conversation with him Comrade Kadar 'even asserted that in these conditions it is difficult to imagine the Communist Party without Dubcek.' I, says Comrade Gomulka, cannot agree with Comrade Kadar's opinion and expressed a different point of view to him.

"I formed the opinion that this time Comrade Gomulka was giving his opinion on the state of affairs in Czechoslovakia more calmly. He did not speak of any additional measures to influence events in Czechoslovakia. For the first time I heard unflattering references to Novotny from him. He said that it would have been good if Soviet troops had been deployed to the territory of Czechoslovakia a long time ago, as is taking place in the GDR and Hungary. It is true he did not speak of Poland, but we must understand that he is pleased with the presence of a group of Soviet troops on Poland's territory."

[Sharov] Gomulka's position is uncompromising. But was it true that Janos Kadar, then first secretary of the Hungarian Socialist Workers Party, evaluated the situation in Czechoslovakia and Dubcek's role and personality differently?

[Bukharkin] You probably noted that the telegrams from Warsaw were dated May. By August Kadar's evaluation

and conclusions had changed and converged with Gomulka's position. Even though till almost the last "peaceful" day, he tried to influence Dubcek and avoid extreme measures. Two documents confirm this.

**J. Kadar: "I invite to a meeting one-on-one..."**

On 8 August the Soviet Union's ambassador in Budapest, F. Ye. Titov, reported on J. Kadar's statements at the expanded plenum of the Hungarian Socialist Workers Party, which announced in particular: "All necessary measures have been taken by the CPSU and the other four fraternal parties to resolve the problems which have arisen in connection with the recent events in Czechoslovakia by political means, but if that does not work out, the application of other measures is not ruled out."

On 16 August our ambassador in Prague reported on a conversation with Hungary's ambassador to the CSSR, who had given a letter from Kadar to Dubcek on 15 August. The latter was invited to a "meeting one-on-one at the border in Hungary or in Slovakia on Saturday (17 August). It was obvious from the conversation with the ambassador that Kadar had the same view of the situation in the CSSR as the CPSU Central Committee Politburo. Kadar appreciates the wise and flexible step of the CPSU leadership (the meeting in Cierna and Bratislava) and that the CPSU has done more in relationship to the Czechoslovak CP leadership and Dubcek personally than it might have; he, Kadar, did not expect such patience on the part of the CPSU, and all this has strongly raised the CPSU leadership's prestige in Kadar's eyes. Now, however, the situation is such that the fate of the Czechoslovak Communist Party will be decided at the 14th Congress. Kadar no longer trusts Dubcek and says about him that 'the right is leading him by the nose or in Dubcek we have a cunning Slovak peasant who wants to lead the CPSU and all of us by the nose.'"

[Sharov] When one is studying the documents, the idea persists that the leaders of the allied countries were putting heavy pressure on the Soviet leaders to use military force to "establish order" in Czechoslovakia. Do you agree with that, Igor Vasilyevich?

[Bukharkin] I agree. To corroborate I will cite documents which describe the position of the leaders of the GDR. I remind the readers, especially young ones, that the Walter Ulbricht mentioned in the materials was at that time first secretary of the Socialist Unity Party of Germany [SED] Central Committee and chairman of the GDR State Council.

**W. Ulbricht: "Use all available means to suppress the reactionary and counterrevolutionary forces."**

On 28 July 1968, on the threshold of the meeting in Cierna on the Tisza, our ambassador in Berlin, P. A. Abrasimov, conveyed to Moscow: "Comrade Ulbricht expressed the following wishes:

- 1) He intends to discuss at the forthcoming meeting the draft of an appeal to the people of the CSSR which he assumes the Soviet side will introduce.

- 2) He expects that the political platform of the progressive forces of the CSSR will be formulated and discussed at the meeting.

- 3) He believes that coordinating the propaganda efforts of the five countries is very essential in the conditions which have evolved.

- 4) It would be a good idea to consider when it would be politically more advisable to announce the start of the maneuvers of the troops of several Warsaw Pact member countries."

On 1 August P. A. Abrasimov reported on the meeting of the SED Central Committee Politburo which examined the situation in Czechoslovakia and where "it was decided to anticipate the results of the meeting of the CPSU Central Committee Politburo and the Czechoslovak CP Presidium and fully support those steps and measures which may be used by the Soviet side in the situation which has evolved.

"For its part, the SED Central Committee Politburo considers the following necessary:

- a) To collectively use all available means to suppress the reactionary and counterrevolutionary forces in Czechoslovakia.

- b) To disclose the mistakes of both the former and present leaderships of the Czechoslovak CP Central Committee and the government of Czechoslovakia.

- c) To jointly work out a program for correcting the mistakes made in Czechoslovakia and normalizing the situation in the country, meaning giving that country the necessary help in carrying out reform in the area of economics, science, culture, and the like.

"The SED Central Committee Politburo noted that Dubcek and his circle are 'cunning revisionists rather than simpletons, as it seemed at first.'"

Bulgarian documents provide us with interesting information for thought. To start, I will give some citations.

**T. Zhivkov: "Force them to capitulate."**

In the last 10 days of May, at the instructions of the first secretary of the Bulgarian CP Central Committee and the chairman of the People's Republic of Bulgaria [PRB] Council of Ministers, T. Zhivkov, materials on the situation in Czechoslovakia were delivered to the Soviet ambassador in Sofia, A. M. Puzanov: "Report Regarding the Situation in the CSSR" from a group of military men and a report and information bulletin of the state security committee on the situation in Czechoslovakia. What was the subject of these materials?

The 18 May 1968 information bulletin of the PRB state security committee noted, among other things, that

"harmful statements and actions are continuing to appear in Czechoslovakia. The chief of the military hospital, General Jengal (a Jew), expressed dissatisfaction with the fact that the minister of internal affairs had not replaced counterintelligence cadres who are pro-Soviet. He said that measures had been taken against possible intervention on the part of the USSR. The entire world has been informed of the possibility of a Soviet attack. The rightist leaders are even counting on help from the United States." Then the bulletin pointed out that during his visit to Prague, the SFRY [Socialist Federal Republic of Yugoslavia] state secretary of foreign affairs, M. Nikezich, supposedly said that "Yugoslavia has been in existence for 20 years now without the diktat of Moscow and has not perished, so Czechoslovakia, which has more developed industry, will survive even more easily. Yugoslavia is ready to mediate in making diplomatic contacts with the FRG."

The report prepared by the group of military men contained these conclusions:

- (1) As a result of aid on the part of the CPSU and other fraternal parties, as well as the lively response of some leaders of the Czechoslovak Communist Party, some sobering up has begun. Healthy forces are being consolidated. The Czechoslovak CP Central Committee has taken the first measures against reactionary elements, though indecisive and half-hearted ones, it is true. Dubcek's group has underestimated the potential of internal reaction.
- (2) Healthy forces which are prepared to act decisively to curb the reactionaries are being activated in the working class and the army.
- (3) All the talk gives the impression that Comrade Novotny's group has been discredited as a result of the mistakes made and the campaign against it by Comrade Dubcek's group and the reactionary forces and is in no condition to have a decisive impact on the development of events.
- (4) The reactionary forces are resisting the measures being taken against them. They combine some members of the intelligentsia and young people and operate decisively and purposefully.
- (5) The situation in the army has been normalized recently, one-man command and discipline are being strengthened, and combat readiness is being restored. The army leadership is concerned about the situation in the country and ready to act against the reactionary forces, if that task is proposed by the Czechoslovak CP Central Committee. It is made up of generals and officers who participated in the struggle against fascism and graduated from military academies in the USSR. The army command is loyal to the new leadership of the Czechoslovak CP Central Committee.
- (6) The party leadership headed by Comrade Dubcek is referring to the possible political difficulties in the country to try to avoid military aid on the part of the USSR and the other socialist countries."

The report of the state security committee says that "the main blows of the reactionary elements are directed against the Czechoslovak Communist Party and the state security organs. The press has revealed the forms and methods of work of the state security committee—agents, equipment, checking of correspondence, and the like. Employees of the state security committee organs are accused of all possible distortions, their wives are being fired, and their children are derided at school. Seven or eight state security committee associates have committed suicide." Nonetheless, the conclusion is drawn that "there are healthy forces in the party, the working class, the worker militia, state security, and the army, and there is no need for outside intervention to bring order to the country, if only the Czechoslovak CP Central Committee presidium is given firm and correct orders. Comrade Dubcek is misleading the fraternal parties and his own party when he says he is for friendship with the Soviet Union. Obviously, he himself takes revisionist positions. People are expecting orders from above and he is silent. It was only at the last meeting as a result of criticism that he was forced to take some half-hearted measures."

The permanent representative of the USSR to the United Nations, Ya. A. Malik, reported on 21 May 1968 that in a conversation with him the Bulgarian representative said, among other things, that "according to the reports he has, in the new CSSR Communist Party Politburo, which consists of 11 people, there are 6 people who are Jewish by nationality and Dubcek himself may be a Jew by nationality. This situation, if it is in fact true, he said, should certainly not be considered normal given the present conditions in Czechoslovakia."

[Sharov] What you, Igor Vasilyevich, have now quoted compels us to draw certain conclusions. First, we see that information from the agent network was put into play. Secondly, something new and unexpected appeared in the arguments—a fear of the threat of Zionism. It is simply unbelievable! What was the position of Zhivkov himself?

[Bukharkin] In reporting on a conversation with Comrade Zhivkov, the Soviet ambassador mentioned Zhivkov's concern about the situation in the CSSR. In Zhivkov's opinion, the situation was becoming worse and worse. Opinions were exchanged in the Bulgarian CP Central Committee. Members of the Politburo expressed extreme concern and alarm and advocated taking decisive measures quickly. Czechoslovakia will be Romania and Yugoslavia, and possibly even worse, if measures are not taken quickly. We may lose Czechoslovakia as a socialist country. Further deterioration in the events in the CSSR may be especially dangerous for Hungary and Poland. The political situation in the GDR and Bulgaria is stable. But even in those countries there are, of course, certain groups of dissatisfied people, but they are unable to declare themselves—the Bulgarian CP

Central Committee leadership is the firm master of the situation in the party and the country.

Zhivkov spoke very negatively about Dubcek. It is now difficult to understand, he said, why Dubcek is acting that way. Mere inexperience and indecisiveness can hardly explain Dubcek's behavior. Is there not something more dangerous behind this?

On 1 August A. M. Puzanov reported on two conversations with T. Zhivkov which took place on that day. During the first meeting T. Zhivkov requested that Moscow be informed that the Bulgarian CP delegation would participate in the meeting of the six fraternal parties in Bratislava on 3 August 1968. Along with that, he stated that "Dubcek, Cernik, and Smrkovskiy must not be trusted. They are unable, and perhaps deliberately do not want, to change the situation in the country. We must rely on other forces. It seems to us that the situation in Czechoslovakia is extremely dangerous. Zionism is operating actively in other countries too. It seems there is great pressure on Comrade Kadar. We even have some manifestations." Without revealing how these "manifestations" are having an effect and on what, Zhivkov said: "You know that the wife of secretary of the Bulgarian CP Central Committee Comrade S. Todorov (S. Todorov was at the same time a member of the Bulgarian CP Central Committee Politburo—editor's note) is a Jew... she has a poor political attitude. S. Todorov is a fairly politically mature and trained leader, but one sometimes notices that his wife's influence has an effect on his comments on certain questions."

The second meeting took place on T. Zhivkov's initiative. Members of the Bulgarian CP Central Committee Politburo S. Todorov and P. Kubadinskiy were present. T. Zhivkov informed the ambassador of the composition of the Bulgarian delegation at the meeting in Bratislava and also said the following: "We consider it necessary to emphasize that despite the results of the bilateral negotiations in Cierna on the Tizsa, the situation in Czechoslovakia and the entire history and course of development of events give no reason to believe that the present leadership of the Czechoslovak Communist Party will be able to change the situation. The Bulgarian CP Central Committee Politburo adheres to the opinion it expressed before: in order to change the situation in the CSSR and save the communist party and socialist achievements, we must use all possible and necessary means, including the Warsaw Pact forces, if the situation requires."

"Dubcek, Cernik, and Smrkovskiy are not offering any guarantee to turn events around. They are nationalists and revisionists and they do not like the Soviet Union."

"If we do not manage to turn events around, it will be a catastrophe: a blow against the Soviet Union, against our socialist countries, against the international communist movement, and against the development of our socialist countries."

"What is happening? China has separated off and Albania too, and the situations in Cuba, Romania, and Yugoslavia are not much better."

"We cannot and must not retreat any more!" Zhivkov went on.

"We completely understand the difficulties which will be created in the international communist movement as a result of our being compelled to resort to extreme measures in Czechoslovakia. What can we do!"

"We should realize clearly how dangerous revisionism in the international communist movement is becoming. Take the Italian Communist Party. It is not what it was 10 years ago; social-democratic views have had a strong influence on it. Just because the Italian Communist Party is a popular party does not mean that it is entirely a Marxist-Leninist party."

"The impact of Zionism is having a strong effect on the French Communist Party."

"We believe that the negative consequences in the international communist movement and the hullabaloo which international reaction is raising will all be temporary difficulties."

"We will return Czechoslovakia to the path of socialism—we will strengthen the Warsaw Pact forces and the forces of socialism as a whole."

"Otherwise, if Czechoslovakia leaves the Warsaw Pact or remains in it and acts like Romania, like a revisionist state, then the Warsaw Pact forces will be severely weakened, and that will be a great threat to the GDR, Hungary, and Poland; in case of war the Soviet Army will have to fight on the Soviet-Czechoslovak border rather than the Czechoslovak-German border."

"If events in Czechoslovakia are not turned around quickly and sharply, it will be the rehabilitation of Tito. 'Khrushchev rehabilitated him once, and we did it again.' And it will turn out that Tito," T. Zhivkov mentioned with irony, "is the 'best politician in the world.'"

"The Bulgarian CP delegation will be in Bratislava. We consider the coming meeting of the six parties a tactical move."

"As for the turn of events in the CSSR, nothing will come of it, 'God grant we are not mistaken.' The meeting will have a result if we compel the Czechoslovak CP leadership to accept a Statement or communique in the spirit of the Warsaw letter both where events in the CSSR are evaluated and where the necessary measures for correcting the situation are adopted."

"Our opinion is: force them to capitulate. If not, take other extreme measures."

"Comrade T. Zhivkov made these statements in a slightly agitated tone. Comrades S. Todorov and P. Kubadinskiy, who were there, actively supported him.

"Comrade Zhivkov emphasized several times that the Politburo and the entire Bulgarian CP Central Committee completely and utterly supported and would go along with the CPSU Central Committee Politburo. But the Bulgarian CP Central Committee Politburo may have its own opinions on certain matters, he said. The Bulgarian CP Central Committee will always sincerely and openly talk of these views and opinions to the CPSU Central Committee leadership."

**May it never be repeated.**

[Sharov] The documents cited give reason to draw the following conclusion: the introduction of troops into Czechoslovakia was a collective matter both in intent and in practical fulfillment. The leaders of the allied states and the communist parties seemed to have competed among themselves in terms of the harshness of their views of the situation in the CSSR and of the leaders of the Czechoslovak Communist Party.

[Bukharkin] Pressure on Czechoslovakia built up in the summer months of 1968. That created tension and excitement in the world and in the communist movement. We have an interesting document on that score.

On 8 August 1968 our ambassador in Prague informed us of the CSSR minister of foreign affairs' evaluation of the positions of a number of countries and communist parties in connection with the situation in Czechoslovakia.

- "1. Yugoslavia, Romania, and the leadership of the Italian Communist Party have demonstrated the most activism in the last two or three weeks in mobilizing various forces in support of the 'Czechoslovak process of democratization.'
- "2. Yugoslavia's efforts were focused for the most part in two directions. They were vigorous announcements (including confidential messages through the Czechoslovak Embassy in Belgrade and the Yugoslav Embassy in Prague) of complete support for the course of the Czechoslovak CP leadership toward democratization, and in light of that, special importance was attached to Tito's readiness to visit the CSSR at any time which the Czechoslovak leaders considered convenient;
- and vigorous actions of the Yugoslav diplomatic offices in various countries based on the aims of Yugoslavia's leadership mentioned above.
- "3. At the moment the Warsaw conference was at work (that means the meeting in Warsaw by the leaders of the parties and governments of Bulgaria, Hungary, the GDR, Poland, and the USSR on 14-15 July—editor's note), the Romanian side appealed in a letter to a number of communist and workers parties for support of the Czechoslovak Communist Party.

—"4. The leadership of the Italian Communist Party, other than public statements and actions, assured the Czechoslovak representatives in Rome of its solidarity with the present political course of the Czechoslovak CP leadership. In recent days Luigi Longo (the general secretary of the Italian Communist Party—editor's note) announced to the Czechoslovak representative in Rome that he personally would head a party delegation to the 14th Czechoslovak CP Congress, if in that way the leader of at least one communist party would appear."

[Sharov] The world came out of the shock which 21 August 1968 had plunged it into slowly and with difficulty. The remote negative consequences of the introduction of troops are being felt even today. Analysts believe that August 1968 found its continuation in December 1979—the introduction of a Soviet contingent into Afghanistan.

[Bukharkin] History served us up a tragic lesson. It is sad to admit that your country and your army unceremoniously intervened in the internal affairs of a small state. And it does not become any easier just because we were not alone at that time. What remains for us to do? Do everything to ensure that such a thing may never be repeated.

[Caption to the Photograph] August 1968. A poster on a Prague street. It reads: "The Czechoslovak Socialist Republic is our country," "The USSR is your country." The accompanying text ends with the words: "Brother against brother, worker against worker—that is incompatible with the ideas of Marxism-Leninism and proletarian internationalism. We want to work, not shoot!"

Photos by V. Kruglikov (from PRAVDA archives).

**Computer Deals for Soviet MVD Reported**

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p 32*

[Article by Zoya Dimitrova: "Bulgarian Application for the Deal of the Century, or How the Hero of Gabon Tried To Install Electronics in the Great Soviet State at the Expense of Komeks"]

[Text] Several months ago, this newspaper described the way 22 million German marks [DM] vanished in the Gabon jungle thanks to Plamen Kavrov, former (finally!) deputy general director of Bulgargeomin and representative of the Prosperity Holding branch in Bulgaria. Kindly allowed by the then prosecutor general to bring in the money, Kavrov refused to return to the homeland, preferring instead to settle in Vienna and start a business in that city. Quite likely, this he did with money he should have taken to Bulgaria.



Currently, according to reliable sources, he is driving the latest model light brown Mercedes, purchased by Bulgargeomin for DM60,000, the location of which is being sought, and has founded his own company or else a company in association with still unidentified Bulgarians, who are naturalized Austrians. Evil tongues are claiming that Kavrov is constantly boasting of his close ties to Manya Lukanova and Nikola Popov. As we mention this familiar name, let us strongly emphasize that we do not cast any aspersions on the reputation of the former minister of foreign economic relations and former prime minister, or on the fact that he may have played a role in the rather unsuccessful deals Kavrov made on Bulgarian territory.

In addition to the 22 million, which Balkanbank will have to pay instead of him, Kavrov, along with Ivan Iliev, Bulgargeomin's general director, left behind other debts that are the consequences of what they believed to be the "deal of the century," and that, in their view, would have repaid in one fell swoop the huge debt Bulgargeomin owes the West. This applies to the so-called computer deal, which also involved Komeks, the foreign trade organization, which had no suspicions at all about the loyalty or business qualities of Mr. Kavrov and company.

On behalf of Prosperity Holding, Kavrov concluded two contracts with Dealing International, a Soviet-West German enterprise, to supply computers to the USSR. The second contract included, as an addendum, 18,000 video recorders and 5,000 video players. The total amount of the deal was expected to reach 1.2 billion rubles [R]. Prosperity Holding received R229 million as an advance payment. This advance payment was to be exchanged for convertible currency through the Solid Company in the Netherlands, the contractor for power projects in the USSR, based on the exchange rate of R8.5 to the dollar. Our country expected to obtain a profit of \$600 million from this deal. Quite attractive, is it not?

That was also the view of Mr. Todor Zhivkov, who wanted to be informed about the deal. According to Georgi Yankov, at that time deputy head of the BCP [Bulgarian Communist Party] Central Committee Accounting Department, who acted as a middleman between the traders and the first secretary, 40 percent of the profit in foreign exchange was to be deposited in a special presidential account, the initials of which were BTZh (Bulgarian—Todor Zhivkov). The account was opened with a deposit of DM500,000 drawn out of Balkanbank funds. Because the contract was not fulfilled, no other deposits were made, but an equivalent debit was entered by the bank four days later. According to the bank documents, this occurred before 10 November 1989. It would be interesting to know in what way and who would have permitted himself to withdraw funds from an account with the interesting initials BTZh. Georgi Yankov later committed suicide. According to some, he did this because of his state of mind.

In August 1989, Kavrov, on behalf of Prosperity Holding, signed a contract with the Komeks Foreign Trade Organization for delivery to the USSR of 50,100 RS-AT computers worth \$38 million. Deliveries were scheduled to begin after Komeks received an advance payment of \$20 million to make the initial purchase. Meanwhile, while Komeks was waiting for the advance payment of \$20 million, Singapore merchants, members of the Octagon Bulgarian-Singapore Society, asked the organization to market in Bulgaria some 20,000 Japanese video recorders. The deal was turned down because of the saturation of our market with video equipment and offered to Kavrov. He willingly accepted because he had a contract with Dealing International. Komeks gave Kavrov personally 10 video cassette players, the location of which can no longer be found.

At the beginning of October, before even a single cent had been received, some of the goods were loaded onto the Borisov fishing trawler, which sailed to the port of Petropavlovsk-Kamchatskiy. Because of doubts concerning the adequacy of the ship, it was returned to Singapore but, seven days later, it took off once again on the express instructions of the Soviet Shipping Administration. Its return was controlled with a telex to Komeks, to the effect that the risk was being assumed by the Soviet side. Even before its arrival in the Soviet port of Petropavlovsk-Kamchatskiy, MVD [Ministry of Internal Affairs] troops boarded the ship and confiscated the goods. It was claimed that the captain could not produce the proper documents, for which reason the full load of video equipment was detained at Soviet customs as an "attempt at large-scale smuggling." The same fate befell the remaining computers, which were flown in through Varna to Odessa and Moscow. They were detained because the deal was in violation of the laws governing Soviet foreign trade. All in all, Soviet customs are holding 17,928 Funai video recorders and 5,000 video players of the same brand, worth a total of \$6.4 million. The representative of the Bulgarian foreign trade organization in Singapore kept in his possession the original bills of lading and submitted copies of them to Soviet customs. Despite this, the video equipment has still not been released. A claim was filed in court, but the case has not yet come to trial. Naturally, we are not suspecting that the Soviet side is trying to "acquire" goods that have an owner. However, we consider questionable the fact that for one year it has been kept by the customs authorities without any legal grounds. It is rumored that a similar method was used by other branches of Soviet customs to confiscate French shoes worth \$3 million and Italian ready-made clothing worth \$6 million.

Meanwhile, Kavrov and the general director of Bulgargeomin reneged on the contract because of the impossibility of the switch. Dealing International demands of Prosperity Holding a fine of \$56 million. It is quite possible that this claim will affect Bulgargeomin as a stockholder in Prosperity Holding.

On 13 January 1990, Bulgargeomin signed a contract with Kooperativna Stolichna Banka for the delivery of 5,000 computers to the USSR. Once again the value of the contract was dizzying: R247,750,000. Despite the sad experience of the two preceding contracts, Ivan Iliev on 23 February 1990 issued an instruction approving the execution of the contracts. This could have resulted in fines totaling R12,387,500. The official working on the deal, who, in the course of the unfortunate development of the preceding operations, had deliberately refrained from sending this letter on, was able to prevent any harmful consequences.

One day earlier, on 12 January 1990, Ivan Iliev signed another letter, the contents of which were surprising: It called for the transfer of R100 million to account No. 609340 at the Krasnaya Presna branch of the Zhilsots Bank in Moscow, which was the account held by Aleksandr Kuzin, known in both the Soviet Union and our country for his questionable commercial deals, and who is currently the subject of a detention order in Bulgaria. However, like Kavrov, he has not taken a single step east of the Austrian border. This transfer, as well, was blocked by the same official, thus saving the country R100 million. Somewhat later, said official was dismissed from Bulgargeomin for failure to execute Iliev's and Kavrov's orders.

Through Kuzin, Kavrov offered yet another deal to Komeks—the computerization of the MVD of the USSR. This was a promising deal that would have made accessible to our industry the vast Soviet market. However, the MVD is already computerized. Although it liked the computers, the ministry forgot to either pay for them or return them. Eventually, the equipment was unwillingly returned.

In time, the captain of the trawler "found" the accompanying documents for the computer equipment he had hauled. However, there was no one to whom the equipment could be delivered because the contract had been annulled, and so the computers remained in storage in the customs shed of Petropavlovsk-Kamchatskiy. In October 1990, Komeks filed an arbitration claim for \$6.9 million in damages against Prosperity Holding. Kavrov was in Vienna, and the statement made by Wasman, the president of the company, was that he had never empowered Kavrov to make such a deal and that the deals with Dealing International and the

Komeks Foreign Trade Organization he had concluded violated the law on holdings, according to which Prosperity Holding is not allowed to engage in commercial and industrial activities. Wasman sent a telex to Komeks to the effect that he had never been informed of the computer deal.

For the time being, the arbitration case has not been tried. On the insistence of the defense attorneys for Prosperity Holding, the court decided to ban journalists from the courtroom so that their presence would not influence its decision. It is quite likely, however, that, even if Komeks were to win, the compensation would have to be paid by Bulgargeomin and not by Prosperity Holding.

The question is, why are Ivan Iliev and Kavrov acting against the interests of the company they represent? Ivan Iliev has acted entirely against the interests of Bulgargeomin also when Kavrov has been absent. After it became clear that the deputy general director was not about to return home and that our predictions on the eventual bankruptcy of Balkanbank and Bulgargeomin will in all likelihood come true, we are still puzzled by the actions of Ivan Iliev. He has done everything possible to block Kavrov's dismissal, as well as to save himself. On 17 September 1990, when Kavrov's unpaid leave ended, Ivan Iliev personally flew to Vienna to present him with an extension of his assignment by another 18 days along with assignment pay. After the extension expired, Ivan Iliev continued blindly to support his deputy, to whom he obviously seems to have tied himself for life.

In the course of our meeting, Ivan Iliev tried at length to convince me that he was patriotically motivated and that he was acting entirely in the interest of Bulgargeomin.

"I am a Bulgarian. I work honestly and openly. However, there are things I was uninformed about," repeats this coarse-mannered, tall, elderly man. Why then did he not distance himself from these "matters" once he was informed about them? Actually, it is time for the prosecutor's office to determine whom Ivan Iliev served during his career! Should we let the general director of Bulgargeomin sleep with a clear conscience, after his dismissal one and a half months ago, and enjoy his retirement without telling the court whom he in fact served as he wasted, along with his accomplices, so many millions of leva?

**El Salvador Needs International Attention**

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Second Edition p 4

[Article by Pavel Bogomolov under the rubric "A Correspondent's Opinion": "There Is a Way Out, but... The 'Marathon of Death' Continues in El Salvador"]

[Text] The word "Salvador" is translated as "savior." But by a biting irony of fate, it is this country in Central America that needs salvation today more than the others. Salvation from chaos and collapse, and from an orgy of murders and national degradation. The trouble, however, is that the Salvadorans themselves view the path to self-preservation and the cessation of hostility and violence in their own home in quite different ways.

The richest landowners, the financial oligarchy, and the generals closely associated with them are trying to achieve the defeat of the insurgents from the Farabundo Marti National Liberation Front (FMLN). On their part, the partisans agree to stop the armed struggle only on condition of the demilitarization of the state machine and the absolute scrapping of the military and paramilitary structures that exist in the country. But in the center, between the right and left poles, there is a coalition of liberal democratic forces that are attempting to find a "golden mean" in the continuous round of events and to achieve at least a fragile national agreement.

It is impossible, however, to say that the current peace-making efforts in El Salvador are entirely useless. In any case, periodically renewed negotiations between the government and the insurgents have already become a reality. Sometimes even a cease fire is declared—as, for example, at the time of the parliamentary and municipal elections scheduled for 10 March of this year. But, alas, all of this does not change the general picture, which is gloomy and hopeless. According to data of law enforcement organizations, the number of victims of the civil war in El Salvador has already surpassed 80,000...

It is traditionally thought that the key to peace has to be persistently sought in El Salvador itself, and that it is necessary to assign the difficult task of achieving civil harmony to the Salvadorans themselves, and only to them. Well, outwardly this is so. But actually? In fact, the internecine passions in this country are so intense that it is high time the antagonists are separated not only by continent-wide organs like the Organization of American States, but also by the entire world community in the form of the UN.

Of course, one would not want to act in doing this according to the "Kuwait formula," for the Salvadoran conflict does not constitute an immediate military danger to neighbors. Consequently, something else is required. Specifically, another international atmosphere around this conflict, a philosophical rethinking of the approaches to it, and a decisive break in the propaganda stereotypes that have set in about El Salvador.

But on whom, in fact, do these changes depend specifically? I will start with the United States. On the one hand, fortunately, one no longer hears there the ritual invocation of Elliot Abrams, former assistant secretary of state for inter-American affairs, who assiduously intimidated the White House with a mythical "Salvadoran threat" to the national interests of the United States. But entirely distorted estimates of what is occurring in Central America still persist on the Potomac to the present time.

The chief "criminal," in my opinion, is the false notion that apparently the struggle of the patriotic forces has, so it is said, an anti-American orientation. But this is absolutely untrue! There is hardly anyone in El Salvador who suffers from such a serious mental disorder as to "threaten" the key role of the United States in the region in question, and the FMLN is by no means an exception to this rule.

If this is realized in Washington at some point, then inevitably it will be necessary to doubt the advisability of the presence of a numerically large staff of American military advisers in El Salvador.

There is one more mistake—to see only the "intrigues of Havana" behind the Salvadoran events. By the way, the habit of the important press in the United States to cite the "Cuban footprint" in all disorders south of the Rio Grande at times borders on a real mania, which inhibits an objective analysis of the essence of what is happening. Would it not be more honest to remind the American audience that in the history of El Salvador a virtually solid period of "guerrilla warfare"—partisan war with regimes in power—has been dragging on now for almost more than six decades; that is, it began long before the victory of the revolution in Cuba?..

At the same time, events in Central America, and this is natural, are not of indifference to socialist Cuba. Thus, the last word in relations between Havana and neighbors in the region has by no means been said yet. Apparently, from the time of the lighting of partisan campfires in the period of the 1960's, it will still be necessary to go through a difficult but necessary evolution whose result is urged to be the movement of the insurgents from the depths of the rain forest onto the political foreground and their joining the broad scale of democratic forces of the region. And so here it seems that such an influential factor in international life as the Socialist International, including its Latin American department, has a special significance.

The fact is that along with FMLN, which is closely tied with the Communist Party of El Salvador, there also traditionally exists in the country a legal progressive opposition in the form of an association of a social democratic orientation—the National Revolutionary Movement. Moreover, at those times when the FMLN and the social democrats overcame certain contradictions of an ideological nature, and closely coordinated

their actions inside the country and in the world arena, they were invariably accompanied by success.

It is enough to cite the joint declaration of the presidents of France and Mexico, which has entered the annals of the most recent history of the continent, on the international recognition of the alliance of patriotic forces of El Salvador as an authoritative spokesman for the basic aspirations of the people of this country. Recalling this, I would like in the present difficult situation to wish the Salvadoran patriots unity, solidarity, and cooperation, first and foremost in the political arena.

...One way or another, very many additional preconditions will be necessary, both internal and international, for the long-awaited cessation of the "marathon of death" in El Salvador. But this does not mean a settlement is not at all possible. It is simply necessary, finally, to pay attention to the little Central American country in a manner that is no less serious and intent than broad areas of a number of other regional conflicts have received.

#### Nicaragua Assessed on Election Anniversary

91UF0537A Moscow IZVESTIYA in Russian 4 Mar 91  
Union Edition p 5

[Article by IAN correspondent A. Korzin specially for IZVESTIYA: "Paradox in Nicaragua: A Year After Elections, and the Tension Has Not Abated"]

[Text] Managua—As Nicaragua celebrates the first anniversary of the first genuinely free and democratic elections in its history, we must state quite frankly that there are more than enough paradoxes here.

After the voting of 25 February 1990, Nicaraguans could hope for better times for the first time in many long years. They could hope for peace, democratic stability, reunification of lands divided by war, and the easing of the burden of economic crisis. Now the war is over, the Contras are disarmed, the army has been reduced, and a totalitarian regime has been replaced by a democratically elected government which has received support from abroad. All of this, as Nicaraguan parliament chairman A. Cesar told me quite justifiably a few days ago, can be entered on the assets side of the new administration's balance sheet.

At the same time, the country has not passed a single day peacefully in the year that has followed the elections. Tension has a great many times reached the critical level, turning into street barricades, exchanges of gunfire, and blown-up radio stations. In the opinion of many observers, Nicaragua is far more polarized than it was a year ago and the situation here, a long way from being stabilized, is now simply explosive.

I remember well a conversation newly elected President V. Barrios de Chamorro had with journalists in March last year. In response to a question as to whether or not she considered possible a coalition government with the

Sandinista National Liberation Front (SNLF), she replied laconically, without hesitation: "Thank you, that is not necessary." There are no Sandinistas in her government but, as it turns out, ministerial portfolios still have not afforded complete power—in spite of the fact of having obtained the support of a majority of her countrymen. Not for a minute has V. Barrios de Chamorro been able to consider herself fully in charge of the country. The new government has collided head on with the necessity of confronting a well-organized opposition, and must adjust each step it takes the way a high-wire artist does while walking under the circus dome without a safety net.

The confrontation has repeatedly brought Nicaraguans to the fateful point beyond which looms civil war, and has moved opponents to the understanding that compromises will be necessary. As well-known Nicaraguan sociologist Marvin Ortega sees it, the government and Sandinista National Liberation Front cannot resolve the country's problems separately, through their own individual efforts.

The year following the elections has shown that it will be a highly difficult matter to get this done together as well.

Declaring centrism the focal point of its policy, the government has been able to reach agreement with the Sandinista "pragmaticas," a small group in the view of most observers, and the most economically powerful within the Sandinista National Liberation Front, basically its top echelon. This group feels quite comfortable under the new conditions. Especially since many of its representatives are bonding close ties with the de Chamorro circle.

This provisional shift of the center to the left has elicited fierce criticism in the 14-party bloc which brought the current president to power a year ago, as well as among major private entrepreneurs and former Contras. But radicals in the SNLF are also dissatisfied, entirely unwilling to reconcile themselves to the collapse of the environment in which they grew accustomed to playing major roles. Simultaneous attacks from two flanks are making the center especially vulnerable. The prediction made by the influential weekly LA CRONICA a year ago has come true: "The government of V. Barrios de Chamorro will not do what it wants to do, but rather what it is able to do." And very often it is able only to wait until passions subside.

In a country where—as Cardinal M. Obando y Bravo, head of its Catholic Church, has stated—he who has the most weapons rules, the government must reconcile itself to the fact that the army and police are in the hands of the opposition. The country—in which the state sector, grown up over a decade of Sandinista rule without any reasonable limitations and controlled as before by the SNLF through powerful trade unions—can be paralyzed in a single hour if the trade unions consider one decision or another of the government "anti-popular" and announce a strike.

But it is the economic crisis that makes the fiery mixture of political and social contradictions truly explosive. The matter has reached the point where the Nicaraguan Finance Minister declared that the country is already dead in an economic sense. The foreign aid it has received is clearly insufficient.

According to data of independent experts, last year the gross national product decreased by 4.8 percent, the trade deficit reached \$420.5 million, and the annual inflation rate was 12,000 percent. In the currency market, Nicaragua is in a state of complete confusion—in free circulation here at the same time are the U.S. dollar, the “golden cordoba” specially equated to it, and the ordinary cordoba, whose exchange rate with respect to the dollar has already surpassed the 5 million mark. Nicaragua's foreign debt amounts to \$13 billion. Ten percent of Nicaraguans are completely out of work, 40 percent are partially employed. Real salaries have decreased by 60 percent. And there is no light to be seen at the end of the tunnel. Inheriting a collapsed economy from the previous regime, the government is running in a vicious circle—it needs political stability to achieve economic rejuvenation, but political stability is impossible under conditions of economic crisis.

Out of habit deeply rooted during the previous 10 years, everyone, regardless of political convictions, expects the government to solve these problems. Former Contras and retired military servicemen are demanding land for cultivation, the homeless—a roof over their heads, the unemployed—work, and workers in the state sector are seeking increased wages and assurances of everyday stability. Workers at bankrupt enterprises are protesting their transfer to private hands. Peasants who have settled on lands confiscated by the Sandinista regime for political reasons are threatened with the prospect of their endowments being returned to the former owners. The list goes on indefinitely. And it seems no one is bothered by the fact that for the most part these are unrealizable demands.

What is the government to do? Fearing new conflicts which will inevitably acquire a political character in the polarized country, it is maneuvering, making concessions, and assuming obligations for which there are clearly no funds for implementation. The state budget has long since been approved by the parliament and acquired the force of law. But, for example, simply to fulfill the promise of increasing pensions and benefits to the disabled, the government will have to find an additional \$10 million, according to the newspaper LA PRENSA. And so the riddle remains.

Foreign investors and creditors are prepared to help, but under the condition of political stability and, most importantly, the presence of a serious plan for economic reform. Western experts recommend a tested method—reducing the state sector and income items in general in the budget, liberalization of prices, and accelerated

privatization. Those who saw the barricades in Managua in July of last year know what threatens these measures here.

The very possibility of such measures by the government is repudiated at the outset by the trade unions under SNLF control. United in the National Workers Front comprising about 200,000 individuals, they are already in the third week of “heightened combat readiness,” in the words of National Workers Front coordinator L. Jimenez. The storm clouds on Nicaragua's political horizon are growing increasingly dense. Almost every day, National Workers Front leaders declare that the workers will not permit the burden of crisis and possible ways of overcoming it to be shifted entirely to their shoulders, and that they will “engage in this struggle to the end.” Nor can the possibility of impending mass strikes be precluded.

#### **Latin America Solidarity Committee Renamed**

91UF0546A Moscow IZVESTIYA in Russian 7 Mar 91  
Union Edition p 4

[Report on interview with Professor K. Khachaturov, chairman of the Soviet Committee for Cooperation and Solidarity With the Latin American Countries (SOKLA), by G. Charodeyev; place and date not given: “Our Close and Important Partner”]

[Text] The first conference of the Soviet Committee for Solidarity With Peoples of Latin America took place in the Moscow House of Friendship; the conference discussed the results and the prospects of this organization's work. A letter from USSR Vice President G. Yanayev was read at the conference; in this letter, he noted that during the last few years relations between the Soviet Union and many Latin American countries have expanded.

The conference adopted a resolution to change its name to the Soviet Committee for Cooperation and Solidarity With the Latin American Countries (SOKLA). Its new chairman, Professor K. Khachaturov, commented on this event:

[Khachaturov] It is not the name, of course, that matters most. But the new name of the committee will reflect more precisely the goals and the nature of its activities, and will help to develop its international ties.

Our most important task today is to shape the public opinion in the country in favor of developing multifaceted and mutually beneficial relations with the Latin American countries. It seems that we have become closer to this continent. That is, for us, for our perestroika, Latin America is a much closer partner than the countries in the West that are unreachable, both technologically, and in many other respects...



[Charodeyev] Karen Armenovich, the state now refuses to finance the activities of public organizations. Will your committee survive under the conditions of future market economy?

[Khachaturov] We constantly feel the involved and growing help and disinterested support on the part of our activists and our sponsors. At the same time, we have to look for alternative sources in order to become self-financed in the future. This is an extremely difficult task, but we do not have any choice if we are to operate in a

market economy. One does not have to be a prophet to predict that unless the committee learns how to earn money, its future is bleak: We will not survive until the next conference. The committee has already started to conduct certain activities that in the near future should bring us income first. We have recently established the center for industrial, commercial, and cultural initiatives "Sov-Latina." This center is an independent organization that includes joint enterprises, cooperatives, and small enterprises, and it is open to mutually profitable cooperation with the SOKLA activity.

### 'Northern Territories' Controversy Viewed by Kuril Residents

91UF0566A Moscow KOMSOMOLSKAYA PRAVDA in Russian 19 Mar 91 p 3

[Article by Igor Kots: "An Island That Is a Stumbling Block"]

[Text] The impassable main street of Kurilsk is a sea of mud. It was awarded the status of a city 43 years ago, seemingly to spite those who ran it previously. The "city" barely has 3,000 inhabitants and not a single decent sidewalk. The only building that goes with its status is the three-story "party-Pentagon." The melody of the "Moonlight Sonata" wafts strangely from it in the evening. This comes from the young talents who grabbed two stories from the raykom on the wave of renewal, and they are now demanding the third.

The president of the rayon soviet in Kunashir: "I will not even carry out the president's ukase on worker control. Here we have emptied the warehouses, and how will we live until summer, until the ice goes out? That is what it means to live on an island."

The can factory on Shikotan is idle. The supplier, a "post office box" plant in Kuybyshev, has not shipped the aluminum strip it was supposed to. Because the "hole in the wall" itself did not receive a shipment of lacquer coatings from Yerevan. And Yerevan failed to make its shipment because "with you people on the mainland everything is messed up, no matter what it is" (remark by the factory's director).

The nearly empty shelves of the store in Kurilsk, the Indian melodrama in the half-dead club, the quagmire of a street, and the draft in the hotel room. By the fifth evening of sitting in the dark on a business trip, troubled and unpatriotic thoughts began to torment me: And what would occupy this place now if Iturup had not come over to us in '45? A real city would be bright with lighted advertising signs, bars, restaurants, stores, and limousines. Just like on nearby Hokkaido, which I visited a year ago. Perhaps it would have been just like that if Iturup had not been ours.

But it is ours.

#### Minuet by Candlelight

The light went out at the very moment when the fate of the island of Iturup was being decided. But there was no panic. "What do you suggest, comrades?" the calm voice of the president resounded in the pitch dark. "Find candles and continue," was the cheerful response from the darkness. A hurricane was lashing the windows of the meeting hall.

The session of the Kurilskiy Rayon Soviet had already given seven hours to debating the issue "On the Recall and Redistribution of Fishing Areas." Which is tantamount to Hamlet's fateful question. For the people of

Iturup, after all, fishing areas, that is salmon, is everything—wages, housing, consumer goods, their children's future. One out of every four of the island's 280 little streams is a spawning stream. Every family is connected in one way or another to raising, catching, and processing the hunchback salmon and Siberian salmon. Each of the postwar (post-Japanese) FYP's has turned out more dismal than the previous one—the catch has been declining steadily; today we are taking here only the amount of the red fish that the Japanese were taking in the early forties.

More than one generation of the brotherhood of writers has reflected sorrowfully on the discrepancy of the cans of caviar for export alongside the rat droppings in the dismal barracks on the edge of the city, when the recipient of the foreign exchange, the "glorious working fisherman," is unable to get trousers for himself even for the "long" ruble.

And so the session was to approve an unprecedented demarche against the command-administrative system. "Their own" fishermen will unfailingly replenish the rayon budget, and the fancy salmon products will turn up in the stores instead of the depressing bachelor's stew (solyanka) of fish and vegetables. Nor are there any problems with the environment: Who is going to destroy his own home! That is how the revolutionary "reallotment of fishing rights" seemed in the bright light of hope.

Later, I tried to find out from Vladimir Andreyevich Kashpruk, deputy chairman of the rayon soviet, why he was so unshakably assured that the new "bosses" would prove to be better than the previous "colonizers"? What guarantees are there?

"There are guarantees," Vladimir Andreyevich feels. "These are our people, from the Kurils."

It was said with firmness. But I do not know how someone who put up with trash in his own yard, who was unable previously to organize a job he is familiar with and used to, can overnight become a zealous businessman. As for the "Far Eastern character," "ours," and "our own," there were also complaints—more than once: the remains of fires and hardwood left for trash after construction of the BAM, fouled rivers on Kamchatka....

And so the Kurilians have rushed onto the foreign economic playing field at a reckless speed. Chinese builders who do finishing work organized a drunken debauché which I witnessed in the hotel here; the contract with them was concluded on the personal initiative of Aleksandr Ivanovich Kucher, president of the local rayon soviet. The purpose behind this deal is difficult to understand. Prestige? A check mark on the line "international ties" that is now in fashion? The rayon is paying for the work of the gostarbeitsers with fish, which you cannot find in the store with a flashlight in the daytime. Meanwhile the rayon newspaper has published a letter by N. Borovikov, who works in the local ship repair

administration, with the eloquent title "We Are Calling for People From Outside When Our Own People Are Unemployed."

Vladimir Vasilyevich Kozhevnikov, historian and scholar from Vladivostok, kindly sent me the proceedings of a symposium on Soviet-Japanese relations that was held in Sapporo in 1989.

Why is it advantageous for the Soviet Union to give up the Southern Kurils? This will improve its image with the Japanese population; it will make it possible to count on assistance in the economy, in trade, and in finances; it will create the conditions for penetrating the markets of the Asian and Pacific Ocean region.

What are the disadvantages for the Soviet Union if it gives up the islands? It loses an important strategic military point of support in the region; it will not be able to drive a wedge in the alliance between Japan and the United States; because of the limits on trade with socialist countries, it will hardly obtain highly sophisticated Japanese technology.

One can "play with" the Sapporo arguments endlessly. Throw onto one dish of the balance the mineral resources of the Southern Kurils, about which the geologists have begun to speak seriously; and in the other our inability to make use of those resources. Remember the poaching of our neighbors in our territorial waters and the 200-mile zone; and also the fact that we ourselves have been undermining marine resources in a planned way (just take Iturup). But what is the connection here of the "devilish issue" that is supposedly blocking cooperation between the two countries? Invigoration of the latter, in the opinion of Rafik Shagi-Agzamovich Aliyev, director of the Institute of Economic and International Problems of Oceanic Development of the Far East Branch of the USSR Academy of Sciences, is not being held up solely or so much by the problem of the "northern territories." We are simply in different "weight categories." For example, the relative share of machines and equipment in Soviet exports to Japan does not exceed 1 (one!) percent. And you will no longer buy the Land of the Rising Sun with raw materials....

Serious economic scholars believe that even "deeding" the islands will change little in the present balance. H. Kimura, the well-known Japanese political scientist and sovietologist, is convinced that it is the "inability of the USSR to furnish goods and projects which might be needed by Japanese businessmen, and, in addition, the lack of foreign exchange, that have prevented these countries from developing economic relations." So that the billions of proceeds from sales, which are talked about from time to time, are like morphine for a cancer patient in our pseudomarket—pseudoregulated chaos....

So, it turns out, this is a blind alley?

"No," I was told by Lev Sedykh, director of the fish combine "Ostrovnyaya," on another Southern Kurils island, Shikotan. "It is not just that we need them, as is

usually thought, they need us just as much. The Japanese are proposing: Give us fish, and we will flood you with consumer goods. But why do I need them? Offer proposals for the future that will bring an outlet onto the world market and advanced technologies. If you do not want that, we will reach an agreement with the Americans, the Australians, with whomever we like."

Sedykh feels confident because he has given Shikotan a quarter of a century and has worked his way up from lathe operator to director of one of the country's largest and most promising enterprises, with an output of 80 million cans per year (exports to France, Germany, Greece, and East Europe). The combine, which became famous because of the scale on which it hired students and recruits during the fishing season (as many as 7,500 seasonal workers would gather here), has gotten along virtually without them for several years now.

The people themselves, who are not hoping for "humanitarian aid" and packages from abroad, are trying to build a decent life for themselves regardless of the problem of the "northern territories" and the overall problems of all our territories from the Commanders to the Baltic. Is that not why on Kunashir and Shikotan there are more so-called "hawks" by an order of magnitude than on Iturup? More accurately, two orders of magnitude—two societies, the Society imeni Shpanberg and the "Fregat" Society, have been fighting desperately to preserve Soviet sovereignty over the islands, here and now and forevermore.

Could what happened on Iturup—in the meeting room where the Kurilsk session took place engulfed in darkness—have occurred on Shikotan?

"Money, of course, has to be invested in the reproduction of salmon," in the flickering candlelight this reproach was made to Aleksandr Mizin, director of the Reydovskiy Fish Plant, by Grigoriy Yuryevich Bogila, chairman of the standing commission on the socioeconomic development of the rayon. "But we must think above all about those who are not well-off, teachers and pensioners. The small enterprise of the rayon soviet will make a deduction of 100 percent of its profit to meet the needs of the rayon!" the legislator of socioeconomic development triumphantly proclaimed.

"Give up 100 percent of profit—what is that, communism?" I heard a whisper from somewhere behind me, out of the darkness.

And in the finale of this mise-en-scene, which was almost like something in Bulgakov, there appeared, as expected, a sailor with the rank, to be sure, of an officer, and with a deputy's badge—and he uttered the sacramental phrase:

"There is a motion to close debate. The positions are clear."

With Mizin I left the stuffy darkness of the building for the rainy blackness of the night.

"Will there be war?" I asked him.

"Nothing else is left," Mizin replied.

...Nothing else is left until we finally decide the main issue: To return to the everyday gray existence in which producers and entrepreneurs are hard to come by, or to continue the movement toward a bright future built on "municipal" requisitioning of food, the course in "Political Economy of Socialism," and persistent incompetence. Until we ourselves make a choice, it is nonsensical and dangerous to grope along blindly in the shadows by candlelight.

Even to the rayon session.

Even toward the market.

On 7 February, the Land of the Rising Sun celebrated "Northern Territory Day" for the 11th time. Ten out of 10 Japanese schoolchildren will tell you that that date commemorates the Shimoda peace treaty of 7 February 1855. Ten out of 10 Soviet schoolchildren have no suspicion that at the end of World War II and the "return of originally Russian lands" the Japanese had been living for 70 years on the Northern Kurils and 90 on the Southern.

Could that be why we do not understand one another?

#### Dialogue With a "Hawk"

"...You are called a 'hawk,'" I said.

"I know," Pyzhyanov replied with a smile, but he seemed to be offended.

But why be offended? The implacability on the question of the "northern territories" of the man I interviewed had become the talk of the town. What is more, not only within his native Kuril region: Fedor Ivanovich had been taped by television people from Tokyo and quoted by Hokkaido newspapers. On my way to meet the chairman of the "Fregat" regional studies society, I braced myself for a difficult and futile dispute with a dogmatist who had set his mind once and for all on the proposition: "No compromises! Not a single step backward!" And now the "hawk" in the worn suit coat was sitting opposite me and chain-smoking disgusting nonfilter cigarettes and, consistent with his hawkish status, seemed to be trying to win the liberal journalist over to his belief—and all the while I could not find the right moment to lock horns with the "local man." For some reason, he gave no occasion for disputation.

After all, I remember even from my school lesson in history the names of the heroic naval officers Nikolay Khvostov and Gavril Davydov, who at the very beginning of the last century heroically established Russia's rights to the distant islands on the brig Yunona and the tender Avos. Little did I think that I would have occasion to reveal the mechanism whereby the lie of the state is formed through the example of the patriots poetized by Andrey Voznesenski.

Back in 1871, A. Polonskiy, active member of the Russian Imperial Geographic Society, bitterly related how the officers had acted as instruments of N. Rezanov, head of the failed Russian mission in Japan: "Those who carried out what Rezanov wanted saw how unsound the proposal was because it consisted only of attacking the Japanese islands and destroying everything; but they were compelled to make a public apology.... The innocent Japanese, who up to that point might have had a good opinion of the Russians, were plundered by Khvostov. But successes of that kind and the booty which he brought to Okhotsk are too unimportant and even shameful, and the loss of confidence of the Japanese in the Russians appears irreversible...."

The independent action of the offended ambassador was answered four years later, when the Japanese in revenge seized V. Golovin, captain of the sloop Diana, and some of his crew. They were released from captivity only two and a half years later.

Incidentally, John Stefan, world authority on the problem of the "northern territories" and author of the monograph Kuril Islands, says: The shock of the Japanese caused by the piratical actions of the Yunona and Avos, by the workshops, stores, and ships burned by the Russian sailors, has to this day stamped relations between the two neighboring states....

And we are still amazed at these strange hardheaded Japanese, who simply refuse to admit axioms obvious to every Soviet schoolchild! Come on now, they have filled the entire world with cars, electronic trifles, and technological freaks—such a sensible nation, but when it comes to territorial problems, they do not seem to be very smart. Even today we do not ask ourselves the utterly simple question: If an absolute majority of the Japanese demand return of the Southern Kurils, does that mean at a minimum that they have some serious arguments to support that claim? What arguments?

We do not know the ABC's—and sometimes we even glory in that ignorance.

Pyzhyanov is not burdened with excessive knowledge by any means. He is ready to furnish authoritative comments not only on the weaknesses of the Japanese line of argument, but also on the clumsiness of the Soviet argument. But then he covers it all with the sweeping statement: Those are all details.

But what is the important thing?

"Last summer, the 'grave people' came to Kunashir (this is the term given to the Japanese who visit the graves of their countrymen on the islands—I.K.)," Pyzhyanov says. "Several former inhabitants of Kunashir were among them. I saw tears in their eyes. This had a very powerful effect on me."

I think it would have affected me as well. But unlike many sentimental people, Pyzhyanov's experiences move him to act. Expendng large amounts of his own

time and his public-spirited temperament, he has been establishing the Japanese burial grounds with the meticulousness of a teacher: the village Golovnino—600 graves, the island Zelenyy (Lesser Kurils group)—400, the settlement Tyatino—202, the island Shikotan—56.... There are many burial grounds, by the time of our arrival in the Southern Kurils there were 87 Japanese settlements there. Now you can hardly come up with a dozen, and the cemeteries are falling into neglect.

"A second thesis: Stalinism intensified the problem of the 'northern territories,'" Fedor Ivanovich puffed on yet another cigarette. "If in '48-'49 we had not deported the Japanese, things would not be so acute today. We treated them cruelly. The Soviet people must know about this."

For some reason, I once again had no objection to make to this strange "hawk" Pyzhyanov. Except perhaps one: We could not have failed to expel the Japanese from islands where they had lived for almost an entire century. That would have been ridiculous after the insult done to Joseph Vissarionovich by the 1905 Portsmouth Treaty; after the resettlements and expulsions of entire peoples within the country; after all the large and small deportations of conscience on the island of triumphant class consciousness.

We could not but violate the standards of human morality when with extraordinary ease we violated inter-governmental agreements. I am thinking of the Neutrality Pact between the USSR and Japan dated 13 April 1941—a document which also has not been very willingly analyzed by some Soviet researchers. I will not be cunning and represent myself as being more erudite than I am: Only in preparing these notes did the author understand why the Japanese researchers keep harping on that treaty. True, their country was not an innocent lamb when it entered that war, but still they were not the ones who violated the treaty, we were; and we did so by attacking them. Let us recall the associations bound up with those words that are familiar from schooldays; however you look at it, it casts a quite definite shadow both on this brief war itself and also on those seemingly indisputable understandings at Yalta and Potsdam....

It is by no means my intention to go from one extreme to the other and tar today what was whitewashed yesterday. Yes, we violated the Neutrality Pact in '45. But the Japanese after all had acted as occupiers four decades earlier when they razed to the foundations the house of peace erected by 19th century diplomacy. True, we did not sign the San Francisco Treaty we are so fond of referring to today, and in the newspapers of the time we even stigmatized it in strong language. But after all at that time, in 1951, Japan nevertheless renounced all rights to the Kuril Islands—even though it was uncertain who would benefit. Yes, once again we failed to fulfill the promise of the state to turn over Shikotan and Habomai. But did not the Japanese themselves, advancing ever new territorial claims, drag out the settlement of this

issue immediately after the "deed of purchase"—the 1956 Joint Declaration—was signed?

Counterarguments can be strung together like little beads on a thread. But I, born in 1956, no longer have the desire to answer for Stalin's imperial caprices any more than my contemporary, I suppose, in Hokkaido for the treachery of his great-grandfathers in the Russo-Japanese War.

So where does historical truth get us?

The main thing we get, it seems to me, is self-respect. Which long ago became the scarcest commodity, a commodity for which many millions are waiting in an endless line. A commodity that is possessed by Fedor Ivanovich Pyzhyanov the Kunashir "hawk," with whom, strange to say, I was unable either to argue or to quarrel.

"Why," he asked me, "do we now write the word patriot so rarely without quotation marks?"

In the Kurils, one can walk down a dark street late at night without concern.

Boris Yeltsin spent only a few hours on Kunashir: An approaching hurricane intervened. But even that was enough to shatter the mainland stereotype about the "northern territories" as several gloomy rocks in the ocean. On the evidence of eyewitnesses, the Russian leader promised that at no price would he give up the staggering beauty of the islands inhabited by remarkable people. To be sure, Boris Nikolayevich did not see the Kunashir barracks or Shikotan's prodigious dump which is a 10-minute drive from the unspoiled harbor Krabovaya.

The rayon authorities recorded an unprecedented boom in vacation cottages after the problem of the "northern territories" became a matter of practical policy. Kunashir is studded with garden developments. Shikotan is covered with the polyethylene shells of greenhouses. There are enthusiasts who are even growing watermelons here. People are involuntarily (or consciously?) reacting to the disputes over the homeland, and are literally burying themselves in this land of plenty.

#### No One Wanted To Leave

According to the figures of J. Stefan, there were 18,282 people on the Kurils in 1939. Eighty percent of them were on Iturup and Kunashir. By the end of World War II, four generations of Japanese had been born, had lived their lives, and had died on that soil. All of them—the only exceptions were the dead—were completely deported from here in '48-'49.

Iraida Petrovna Makhankova is 70 years old. She lives in Kurilsk. She was born in the Chuvash village Troitskiy Posad. Her father—an officer, disabled veteran, and prisoner in World War I—was taken away in the Black Maria in '33, but evidently something did not tally; her father soon returned and then died a year later. In '46, by



way of deliverance, she signed up for five years in the Kurils. She worked shifts cutting up coho and Siberian salmon. There were still many Japanese prisoners-of-war around. They demonstrated the bared teeth of the capitalist way of life as they carried their chief to the toilet on a stretcher.

"Kamikaze" prisoners sentenced to death were still roaming around the settlement; during the first year they wounded our lads and a girl—for two weeks she lay dying in the women's barrack. But the Japanese paramedic cared for her continuously. And Japanese "volunteers" taught the unskilled young Russian girls how to take hold of a big fish so as not to hurt themselves with the fin.

The good woman Onakosi lived behind a low wall in a plywood fanza. When Iraida would go off burying, she would leave her 10-month-old son with her. And the Japanese women would rock in their cradles not only other people's infants, but also their own with slanted eyes and light brown hair: life is life, they had children by the Russian soldiers.... On one occasion, Makhankova's husband became seriously and seemingly irrecoverably ill and was saved by a Japanese physician whose name Iraida Petrovna does not remember.

"The Japanese did not want to leave," she told me. "They hid. They were caught in the bamboo groves. They caught one girl, wrapped her in a pea jacket, bound her—and she gnawed through the pea jacket. I still remember an old man, he was 104 years old; before he left he was always shouting something unkind at me, the island was pitiful to look at. I understood him. They cried as they said good-bye, I kissed Onakosi...."

It is not for me to judge what threads were woven into the Soviet-Japanese cloth by the diplomatic workshop in Smolensk Square or what homemade preserves the president can spread out in Tokyo. But personal contacts with Japanese of widely varying social "weight" and the impressions of scientists, politicians, and journalists who have recently visited Japan suggest that if there is anything that will meet with full understanding on the part of our overseas neighbors, then that is "psychology" and "emotions"—there will be understanding for our uneasiness about the future of people who have now been living on the Southern Kurils into the third generation.

"If Japan wants the USSR to understand the public opinion demanding return of the islands, then it must also allow that Russian public opinion cannot forget the immense casualties suffered during the war, and it does not agree to part with what it considers inalienable," says the Indian S. Vishvanatkhana, a neutral historian.

Just take Viktor Vasilyevich Shcherbanev, chairman of the agricultural cooperative in the settlement Reydovoye in Kurilskiy Rayon. Shcherbanev went to farming from the construction industry, where he was a skilled carpenter with 600-700 rubles guaranteed. Now he has a

leaky roof, an endless law suit with the fish plant, which is under obligation to do major repairs, and work with no days off.

And yet, there it is, strange as it may seem, Shcherbanev does not want to leave to go anywhere. Neither the farm nor the island. Nor the circle drawn by destiny.

Because it is his.

In the "northern territories," there are idlers and there are talented managers, there are former bureaucrats who have become convinced advocates of the market, and there are new democrats who have turned into bureaucrats, there are intelligent military men and unintelligent workers (and vice versa). But it is they—and no one else aside from us—who alone are able to restart the engine of a country that has broken down. Only ourselves—perhaps with some help from the Japanese, the South Koreans, and God.

### Strengths, Faults of UN Plan for Cambodia

91UF0557A Moscow KOMSOMOLSKAYA PRAVDA  
in Russian 13 Mar 91 p 3

[Article by KOMSOMOLSKAYA PRAVDA correspondent A. Kabannikov: "Who Is Casting a Shadow on Phnom Penh? Why Cambodia Does Not Want Peace on the UN Plan"]

[Text] Phnom Penh, Hanoi—Diplomats and foreign correspondents have not been admitted to the extraordinary session of the Cambodian National Assembly. Generally, this is understandable: The country is at war, and the assembly members are conducting their sessions to the accompaniment of the cannonade of battle around the second largest Cambodian city, Batdambang, and around the provincial center, Kampong Thom, which is situated 130 kilometers from the capital. For the first time the opposition is simultaneously using infantry, artillery, and tanks—both of Chinese make and Soviet T-54s captured from the government army two years ago. Casualties in these latest battles already number in the hundreds.

It was not the battle atmosphere, however, that necessitated the session's secrecy. The National Assembly gathered to define its attitude towards the UN plan for Cambodia. Will the war finally end? Will hundreds of thousands of refugees return home? Will there be elections? It is possible to say with certainty now: Elections will take place. But not necessarily the kind the world is counting on. "Whether there is a settlement or not, we will organize elections no matter what," said Minister of Foreign Affairs Hor Nam Hong. Even a tentative date has been named—July 1992.

Thus, Phnom Penh made it clear that it may still reject the peaceful settlement plan suggested by five countries—UN Security Council members. As is known, this plan also includes elections, but under UN control and

with the participation of all opposing sides in the conflict, who must cease fire and lay down arms before the elections take place.

On the surface, the draft transition from the civil war to democracy looks optimistic. Setting aside their automatic weapons, the opponents compete for voters under the supervision of an independent arbiter. A parliament is formed—an assembly that forms a government of national confidence. During this transition period the power will formally belong to the Supreme National Council which will be formed from the representatives of the current government and the opposition on a "six plus six" formula. De facto, however, the UN takes under its control the key ministries—defense, public security, foreign affairs, and finance. Also, the UN will be the only power with an armed contingent of 10,000 international military forces. Later, Cambodia can count on help from the outside world (a sum of up to \$5 billion has been mentioned) which will make it possible to quickly reconstruct the country.

World experience shows, however, that a completely militarized country, torn by antagonistic contradictions and deprived for decades of normal political life, has little chance to make an immediate transition to a democratic society. One dictatorship may be replaced by another. What if the new one turns out to be of the Pol Pot type?

This is an extremely delicate question. It is clear that the Khmer Rouge—the strongest of the opposition groups—cannot be excluded from the settlement process. This would make the whole peacemaking process meaningless. At the same time, the return of the regime that flooded the country with the blood of millions, cannot be permitted. Meanwhile, such possibility cannot be excluded—Pol Pot is alive and well, and the old trusted Khmer Rouge cadres are full of claims on power. The international community, on the other hand, has not offered any reliable guarantees that would preclude such a course of events. Moreover, the clause denouncing genocide has disappeared from the documents worked out at the last meeting of the Big Five in Paris last November. This is one of the obvious weaknesses of the UN plan. Among other questions that were not resolved, and there still are quite a few, are some purely financial questions. Implementation of the UN plan, depending on the estimate, will require between \$1 and \$3 billion—an enormous amount of money for a UN budget which is getting increasingly smaller.

However, as is now becoming clear, there are more problems with the settlement than had been previously thought. "We control more than 90 percent of the country's territory and population; why should we make concessions?" said Long Visalo, Cambodian vice minister of foreign affairs recently in an interview with our correspondent. After the Paris meetings and the emergence of a 12-page plan for a peaceful settlement, the Hanoi and Phnom Penh positions became noticeably more hard line. SRV Foreign Minister Nguyen Co Thach

was criticized inside the country for his soft stand on the Cambodian issue. Negative statements regarding the UN plan came from Cambodian Prime Minister Son Sann, who regularly visits Vietnam for consultations. The substance of their current position is that the currently existing government should not be disbanded until elections are held, and the UN role should be limited to the external political aspects of the settlement.

This position immediately caused an avalanche of accusations on the part of the opposition, which is now trying to portray itself as an ardent supporter of the UN peace plan. But even such an attempt to look at the situation disinterestedly leaves some unanswered questions. Let us give credit to Vietnam for freeing the Khmers from the Pol Pot regime. But does the country that entered Cambodia 12 years ago riding tanks, and which continues to exert serious influence on it, have a moral right to demand from others that they respect Cambodian sovereignty? And especially to demand this from the UN?

Not to disband the existing government means not only to temporarily leave the present ministers in place, but also to preserve the entire vertical structure of the executive power, and its huge bureaucratic apparatus which, in the framework of a peasant, politically disorganized society, to a large degree predetermines the outcome of the elections. In any case, it is clear that the opposition will not agree to such elections. Another question also comes up: To what degree should we support this policy if, even as the UN plan is being fine-tuned, Phnom Penh continues its opposition to the plan's implementation. I mean, of course, not humanitarian help—this is both appropriate and understandable. The help in question is economic aid that permits the government to spend over half of its budget for military purposes and, at the same time, to maintain another army, the bureaucratic one, of 430,000 people (that in a country with 8.7 million population which has no serious industry to speak of). Finally, arms sales. Pumping arms into this region is an obvious holdover from the time of the global confrontation of the superpowers.

As early as 1989 the USSR had called for a halt to the flow of armaments here. So far, however, these are just words. The United States, while refusing to help the Khmer Rouge, continues to help their allies (this year they are going to spend \$20 million for this purpose), which is more or less the same. There is numerous evidence that China, despite its assurances, continues to supply Pol Pot with everything—including armored vehicles—through Thailand. The Cambodian opposition cheered the recent military coup d'etat in that country, hoping for even closer cooperation with their old friends who came to power. Meanwhile, Soviet envoy to Bangkok A. Valkov said that the USSR continues to supply arms to Phnom Penh. It is a strange position: The same states, while fine-tuning a peaceful settlement plan

with their right hands, continue with their left hands to throw more fuel into the fire of one of the longest wars of our century.

### Effects of Hard Currency Accounting on Soviet-Vietnamese Trade

91UF0498A Moscow KOMSOMOLSKAYA PRAVDA  
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[Article by A. Kabannikov, KOMSOMOLSKAYA PRAVDA correspondent: "No Currency? We Will Think Of Something!"]

[Text] The transfer ruble is fading into the past. The farewell ceremonies drag on...

So, it has happened. The final toll of the New Year's bells has informed us, among other things, of the long-awaited loss. Our comrade the transfer ruble has left us forever, giving up its place in relations with our CEMA partners to Mr. Dollar and to world prices.

Here is a picture which is characteristic for the end of the year. The Soviet ship "Balashikha" comes into the port of Haiphong. By contract, it is to be loaded with Vietnamese tea. For 3 days the crew scrubs the holds. On the fourth, the Vietnamese side informs the general representative of Minmorflot [Ministry of the Maritime Fleet], Yu. P. Tereshin, that there is no cargo. "What do you mean?", Yuriy Pavlovich is dumbfounded. "It was there!". "It was there, but now it is gone." That is approximately the gist of the Vietnamese reply. This is the gospel truth. Only [the cargo] has disappeared, evidently, to some place where they were willing to pay for it in hard currency. Moreover, the partners are correct in their own way. In operations with the empirical transfer ruble, the one who wins out is not the one who sells the most, but the one who withholds the most. After all, we too are not without sin. Last year's deliveries of petroleum products were left one-quarter unfulfilled, while the deliveries of fertilizers were half unfulfilled. In response, the Vietnamese withheld rice, shipping only around 50 percent of the 300,000 tons intended for us.

Moreover, since it was raised not on the exchanges but in the service offices, the transfer ruble opened the way for bureaucratic games. By arbitrarily manipulating its exchange rate and prices, the foreign trade bureaucracy ensured itself enviable indicators with several strokes of the pen, all the while bankrupting the producer. Yet in present-day Vietnam, where the state controls prices only in a few instances, and a significant portion of the export goods must be obtained from the private seller or from cooperatives based on the market conditions, many Vietnamese companies and enterprises literally conduct trade with us at a loss. They have kept quiet about it only because at the inter-governmental level our deliveries still noticeably surpassed the Vietnamese.

Do we need thousands of tons of bananas, pineapple, citrus fruits, onions, garlic and potatoes now? Every month the "Vegetesco" company shipped us about 3.5

million rubles worth of goods, sending the shipments primarily to Siberia and the Far East. As of 1 January, we have not been sent a single kilogram. The shipments of meat, canned goods and coffee have been discontinued. And this is on the background of an international campaign of food aid to our country! The Vietnamese themselves are extremely disappointed by what is going on.

Around 100 light industry enterprises who supply us with their products are on the brink of economic collapse. In Haiphong our partners—a carpet factory and a shoe factory, have urgently sent off part of their workers for 3-month vacations, until better times. The director of the textile factory, Vu Chong Thiep, showed me a huge shop which was locked up. "You no longer need the towels which we supply to Australia, France, and Thailand? Give us the raw materials and pay us only for the labor. Our average wage is 70 dong (around 70 rubles) a month. Where will you find cheaper?" Thiep is ready to send a million of his goods to the Soviet Union. But the old contracts expired on 31 December, and he has no new ones.

"Ossification", "stagnation", "prostration"—what traits ascribed to our current trade relations with Vietnam did I not hear from economists. The premonition of paralysis appeared even last year, when the market became feverish and inflation began to creep upward. At the threshold of the inevitable buy-up of dollars, the country feverishly brought domestic prices on fuel and raw materials in line with world prices. The Vietnamese leadership asked that clarity be introduced into the character of our future relations. It received no reply. Of course, since they cannot agree in our own republic, how can they hope to come to an agreement with a far-off country? Yet we must understand the Vietnamese: The USSR accounted for approximately 40 percent of their foreign trade turnover.

We are leaving Vietnam as a big brother and teacher. The role of sponsor is no longer to our liking, while the role of a reliable investor is beyond our capacities. There will no longer be credits numbering in the billions for symbolic interest rates, nor will there be cheap oil. We will begin trying to balance deliveries and payment of debts. A re-evaluation of the old relations is underway—in dollars. It is a painful but inevitable process, and yet somehow it is a movement toward common sense. However, it seems that, having decided to take out the rubbish from our trade house, we have turned everything in it upside down and begun to tear down the walls. There has been no organized retreat. 100 million rubles—that is the approximate price of the "paralysis" of Soviet-Vietnamese trade relations in one month alone.

The announcement regarding the changeover to world prices and accounting in hard currency as applied to Vietnam as of 1 January has turned out to be a purely political declaration, unsubstantiated by any mechanism of realization. Why? The Gosplan, the MVS [Ministry of Foreign Relations], and the inter-governmental commission on cooperation pointed to the economic confusion

in the country and the delays in the union budget. Sceptical voices were heard: "What kind of currency partner is this Vietnam?", they would say.

We might add that in regard to the profitability of the partner, this is a topic for another discussion. Here we will limit ourselves to the statement: We are leaving this region, yielding to the oncoming flow of business people from the entire world. A cheap labor force, rich natural resources, and an extensive market attract businessmen and investors here. One of them, a representative from the Japanese "Tomen" corporation, recently called Vietnam a "gold-mine". Last year alone there were 3,000 delegations of entrepreneurs from abroad who visited here. French, German, and Hong Kong companies are in a hurry to gain a foothold in the local market.

Yet potentially even today we could be a hundred points ahead of all these Westerners. Our country has founded entire sectors here, sectors which are tied to us by their need for equipment and spare parts. We have raised an entire generation of managers who have an excellent command of Russian and are still full of kindly feelings toward us. Finally, we ourselves are tied to this country, with its debt of almost 10 billion owed to us, which they will not repay in either dollars or gold ingots.

They could, but... And it is not just a question of today's difficulties alone. There is one principle difference which explains very much. I repeat, business people are coming here from everywhere. And only we are represented almost superficially in such matters by this same state bureaucracy.

At the end of January, the long-awaited delegation headed by USSR Gosplan Deputy Chairman B. Volodin arrived in Hanoi. Agreements for this year were finally signed. New principles of relations and Vietnam's readiness to gradually repay its debts were secured on paper. Yet on the whole, a declarative tone prevails in the text of the document. For example, a new mechanism of mutual accounting has not been defined. It has only been stated that it must emerge by 31 March, and until that time the old conditions remain in effect. Who is going to develop them, and when? Because of the confusion, the first quarter of this year has practically been lost for economic cooperation. Experts believe that the volume of our trade at the state level will inevitably be reduced by about 30 percent.

However the endless bureaucratic clumsiness is only one aspect of the problem. The most significant moment which was manifested in these tumultuous farewell ceremonies for the transfer ruble consists, in my opinion, of the following paradox. Ideally, the anonymity of subjects of our foreign trade was also to have faded into the past together with the transfer ruble. That is, the situation whereby the ZIL plant would send its automobiles here, while the coffee which was used as payment for them would go to the Ministry of Trade.

Far from it. In order to start business with Vietnam, you need dollars. Yet in our country there is in fact no banking system capable of giving you credit. Moreover, what respectable bank would loan currency for deals with such a

heavy debtor? However, even if you manage to sell something here and receive dollars in return, they will be taken away from you. Already after the announcement of the changeover to dollar accounting there was a decision to create a union-republic currency fund, where 40 percent of your profits will automatically be channeled, not counting the taxes, customs duties, payments for licenses and so forth. But what if the enterprise simply exchanges goods for goods, as had been done before? The Vietnamese are ready. This will not work either: As of 1 January, barter has practically ceased to exist. This too has its state reason: Trade by barter proceeds directly, by-passing the banks. That means the treasury does not benefit from this.

I have no regrets about the transfer ruble. However, I am in favor of common sense. It is difficult for our enterprises to find a more suitable market than Vietnam for the sale of their products which are not competitive in the West. The regions of Siberia and the Far East could not find a more convenient supplier than this country to provide them with tropical fruits, vegetables, and meat at fully acceptable prices. On the background of our foreign trade which is withering from year to year, today's Vietnamese experience appears instructive. This country which is incomparably poorer than ours is continuously increasing its export. Moreover, trade with the West is developing at a rapid rate. The most remarkable thing, however, is that the balance in this trade always turns out to be to Vietnam's benefit... The answer is simple: The export sector has become the priority sector, while enterprises, organizations, trade firms and companies have received appropriate stimuli to enter the foreign market.

What can you do? There is a different logic which reigns over the farewell ceremonies for the transfer ruble. After all, if tomorrow all at once throughout the entire country the rubles were replaced with dollars, we would be no closer to the market. However, something akin to this is happening in the economic relations with our former allies. Beneath the mark of the dollar, beneath the talk of triumph of the market realities, there is a retreat to the infamous state monopoly on foreign trade. The place of the businessman who has barely surfaced is again taken up by the self-assured bureaucrat with his mighty weapon—centralization and the right to distribute. He eagerly takes credits—the source of his vital power, which compensates for the shortcomings in his economic management. Now to assuage the creditors he tries to extract as many dollars as he can from our recent allies. All the while, relations crumble, and our exhausted market is shorted by a huge amount of goods (according to some estimates, up to half of the goods we receive within the CEMA framework!). In the extreme case, the bureaucrat will buy something for you for part of the dollars which he has taken away from you, thereby testifying to his participation. "How long can we keep giving away resources at bargain rates?", he repeats today for all to hear, while keeping quiet about the main thing. After all, the matter does not entirely come down to world prices. As long as there is a market and room for enterprise—everything else will follow: Prices as well as forms of accounting—in tugriks or piasters. But as long as there is no market, then even the billions knocked out of the hands of former allies at the price of their friendship will go down into the abyss.

### Soviet Correspondents Report Experiences in Middle East War Zone

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Second Edition p 7

[A. Lopukhin, V. Snegirov report: "Chiaroscuro"]

[Text] Amman-Baghdad-Tehran—Fate—and in this case it was a combination of aspirations and circumstances that guided us—so arranged matters that on an assignment lasting 16 days we covered, by car, bus and on foot also, a road of almost 2,000 km from Jordan's capital of Amman to Baghdad and, subsequently, to Tehran. A considerable chunk of the giant Persian Gulf region appeared to us as if in cross-section, and our impressions of what we saw and the meetings and conversations form a polychromatic picture painted at times in surrealistic tones or, in any event, ones that were not very comprehensible to us. Not all details on this "canvas" show up distinctly, and some things have remained shaded altogether. For this reason we decided for ourselves when embarking on the summary report that we would leave an in-depth political analysis of the conflict to specialists and would ourselves write only about what we saw and felt.

#### Jordan

Anti-American demonstrations seethed daily in this country squeezed between Iraq and Israel, as between a hammer and an anvil. Portraits of the Iraqi leader were displayed on the street stalls and in restaurants, and a collection of voluntary donations was taken up to help him. Pieces of an American aircraft that had been shot down were sold at auction for \$30,000.

"Earlier we had here many contradictory currents of all kinds and organizations rejecting one another's positions," a chance conversational partner told us in a coffee house. "Now Saddam has united everyone."

The question is: For long? In our world everything is changing so rapidly and at times inexplicably almost. Yesterday's enemies are becoming allies, and recent partners are showering one another with insults. The whole of the Arab East is now experiencing a period of great disturbance.

A journalist from the United States in Amman whom we knew sadly told us how abruptly the attitude toward his country and its Western allies had changed here: People on the street are going in for crude abuse and could spit and throw stones.... Yet quite recently the United States was virtually a model for the majority of Jordanians and everything American was held in high regard.

#### Refugees

This is a bitter offspring of any war. People who, having gathered together their simple belongings, set out from their familiar haunts because they fear for their lives and the safety of their loved ones. War has deprived them of a crust of bread, a roof over their heads and the possibility of availing themselves of the hospitality of a

country that had formerly given them shelter. The conflict in the Near East has become a disaster for tens of thousands of citizens of various nationalities.

The first refugee camp we saw was on the border between Jordan and Iraq, in the small town of al-Qadisiyah. Approximately 2,000 persons were living in cold, metal containers dumped in the middle of the desert. A tall gray-haired Syrian, in whose eyes suffering was etched forever, it seemed, timidly approached us and requested: "Help me!" For several weeks now his family, having come from ravaged Kuwait, had wandered about here without food and money. The authorities were not allowing them to cross the border. Why? "They tell us that our countries are in a state of war," the old man explained, and his voice quivered.

We were able at another border—with Iran—to see the life of refugees from within: In accordance with the procedure that has been instituted here, the authorities detained us in the camp, allotted us for the night one of the many hundreds of green army tents and supplied us with a kerosene lamp and also simple rations, which are allocated by the Red Crescent. There was time to look around properly and speak with people.

Ringed on all sides by wire entanglements, the camp was vigilantly guarded by men with assault rifles. Some officers explained to us that they feared the danger of the spread of epidemics, which had allegedly already begun in Iraq. Who was there not here—Sudanese, Kuwaitis, Vietnamese, Syrians, people from India, Sri Lanka, Pakistan....

With whomsoever one speaks and whatever their fate, it is necessarily tragedy, tears, loss.... Sa'd Muhammad al-'Ajni from Bahrain was working in Kuwait when the Iraqi Army arrived. Theft and punitive measures against all who expressed even the slightest unhappiness at the aggression began. On 7 January he landed in prison together with his wife and 11-month-old child. After the family had been given nothing to eat for two days, he declared a hunger strike. The prison guards threatened him with death, but Sa'd stood firm: "Kill me, but feed my child." They then managed for two weeks on bread and water in prisons of Basra and Baghdad. On 23 January he and his family were released at the Iranian border and threatened: "If you say anything to the Iranians, we will kill you." The devout Sa'd said in an apologetic voice: "I could tell you much about what was done in Kuwait, but I simply do not have the words to describe it."

...Of course, the dreadful traces of this war will someday vanish from the land of Iraq and Kuwait. People are saying that enterprising Japanese and Americans are promising to restore everything in a matter of two or three years. And restore things they will, their couriers are already there, we have seen them. But when will the wounds in the hearts of the orphaned and the destitute heal? And will they?



### Baghdad

The first thing that immediately strikes any newcomer is the incredible number of portraits of Saddam Husayn in the squares, on the streets and in offices and hotels and at street stalls. The portraits are huge and in color. The president is depicted in every possible and even impossible pose and situation. For example, a panel put up in one square shows Husayn in the appearance of a modern commando leading a battle of medieval horsemen on white steeds. The president with a child on his knee; among working people; showing the way; firing a machine gun; in civilian clothes; in Bedouin dress; in a marshal's uniform; in shirt-sleeves.... Always smart and smiling, designed to instill confidence and optimism.

There is something Orwellian in all this. One is reminded of the celebrated anti-utopian novel "1984" not only in connection with the portraits, however, but also by listening to some of the president's pronouncements. Truly, "Peace is war."

Upon our return, we were frequently asked: What does the capital of Iraq look like now? Is the destruction severe? One correspondent compared Baghdad with fascist-besieged Leningrad. We state categorically: Nothing of the sort! Yes, there is destruction, but you can drive for several kilometers and nowhere see a single scar of war. As in peace time, the oriental bazaars, which, following the plunder of Kuwait, have been considerably supplemented with merchandise make their usual noise under the warm rays of the sun.

Difficulties for the townspeople are connected, in the main, with the lack of power and communications and the paralysis of municipal services. And one further observation: People were, albeit warily and with a glance over their shoulders, expressing perplexity at what was happening. Although the weather was fine, there was, for all that, a shadow on people's faces. And what a firework display was put on when they learned of the president's decision to agree to the UN resolutions, what rejoicing there was in the streets! They were celebrating not the victory which, in defiance of logic, S. Husayn had declared (whom could this fool?), emotions were spilling over because the long-awaited peace was beginning to show ahead.

### The Press

ABC news correspondent John Donven tells the following story. Having seen direct from Israel a Scud and Patriot missile duel, a person watching television in Washington anxiously called her mother in Tel Aviv: "What's it like there with you?" "What do you mean," the old woman asked, having missed the air raid siren. "What are you so excited about?" "Run to the bomb shelter as fast as you can!"

Essentially the whole war took place beneath the glare of the television floodlights. The thousands-strong assault landing of journalists on both sides of the front imparted to the conflict an entirely special nature, and this was

undoubtedly reflected in the way of thinking and the actions of the belligerents. A typical example was the tragic incident involving the destruction by two bombs of the civilian shelter in Baghdad's al-'Amiriyah district.

Generally, as we have written before, the Americans were quite scrupulous when it came to launching missile and bombing attacks on the capital, selectively destroying only the targets that they had classified as military or strategic. However, absolutely inexplicable mistakes, from the viewpoint of this "logic," occurred. Bridges over the River Tigris, which bisects the city, were being bombed, say. Two attacks accurately hit the axle of the span, but a third projectile hit for some reason or other an apartment house half a kilometer from the river. Why? Some racking of the brains still has to be done on this question.

So, about al-'Amiriyah. Even now, three weeks after the tragedy, every newly arrived journalist in Baghdad is taken there as the first order of business. The number of casualties is put at several hundred. According to numerous reports of our colleagues, the shock from this "mistake" in America was so great that the military command of the multinational force, fearing the anger of public opinion, began to seriously waver: Should the bombing of Baghdad continue?

It was after this incident, which, thanks to television, shook the United States, that Voice of America observed in one of its commentaries: "Saddam Husayn has three main forces: chemical weapons, the Republican Guard, and CNN Television anchor Peter Arnett."

"It is very important that the conflict be covered from the Baghdad side also, otherwise there would be a news 'black hole,'" Marie Colvin, correspondent of London's SUNDAY TIMES, told us. "I am very disturbed by all that is happening here, and for this reason the difficulties and possible danger become secondary. True, it is dreadful at night during the bombing: 'What am I doing here, am I out of my mind?' On the street local inhabitants sometimes ask me, pointing to the ruins: 'How can you British and Americans behave like this?' And you tell yourself: 'It is your duty to honestly report what is happening in the country, where ordinary people, like everywhere else, live.' I take strength from the knowledge that I might somehow influence the course of the war."

Of course, both sides tried to use the mass media to their own ends as best they could. Remembering the lessons of Vietnam, when the "dirty war" image became firmly entrenched in Americans' consciousness largely thanks to journalists' efforts, the command of the multinational force, now imposed the strictest censorship on all reports from Riyadh. Our colleagues who had been there prior to Baghdad called these restrictions "unprecedented" and cursed the generals to high heaven. Pentagon spokesman P. Williams declared in justification: "We are trying to fool not the press but Saddam Husayn." But in fact, of course, it was world public opinion that was being duped.

In Baghdad also, naturally, there were certain rules for the press, but the majority of journalists deemed them to be perfectly reasonable under wartime conditions. One could not leave the Rashid Hotel, which had been converted into a round-the-clock operational press center, without an escort from the Information Ministry. The escorts (called "minders" here) decided what in the city could be filmed and with whom it was possible to speak; they also carefully read, listened to, and viewed the texts of the articles and television topics prepared by the correspondents. They were unfailingly present at all telephone conversations without exception.

Having barely found ourselves on Iraqi territory, one of us naively took out a camera and wanted to photograph a crowd of Sudanese refugees. As if from out of the ground there immediately appeared a soldier, who led us off to the proper quarter, and there we had to persuade the forbidding fellow not to smash up the camera on a rock. He exposed the film, although we had not had a chance to take a single shot. We were then taken to the desert, beyond the border post, where we were ordered to wait for the appropriate official to come from Baghdad, and it was only under his observation that we were permitted once again to step onto Iraqi soil.

We have already described in our current reporting from Baghdad how, given a total lack of power and ravaged supply lines and communications centers, journalists contrived to send their reports and television stories. We would like to thank Iraq's Ministry of Information and also our colleagues from the BBC, CNN, and News Network for their help in establishing daily satellite communications with the PRAVDA editorial office.

### Disenchantment

We refer to a refrain heard repeatedly in conversations with various people in Jordan and Iraq. We were asked in bewilderment: "Why has Moscow put up its hands before the Americans and their allies?" We objected: "Opposed to the occupation of Kuwait, the Soviet Union is fulfilling the UN resolutions." "No," our partners angrily dismissed this. "Earlier the balance of forces in the region was maintained by the confrontation of the two superpowers. Now, however, no one can stop the Americans. They will be on the Arabs' necks."

Why have we recalled this? And are there grounds for such fears? We will not dot all the "i's." Let us reflect a little. We talk about the new political thinking and about the renunciation of the former stereotypes such as "strategic deterrence," "policy of intimidation" and "struggle for world domination." Splendid! But how insufficient this is—merely proclaiming a new doctrine and even meticulously abiding by it unilaterally. Others need to follow also.

Even many Western journalists were forced to acknowledge in conversation with us that the armed forces of the coalition went far beyond the UN mandate and began to wage war not so much for the liberation of Kuwait as for

the purpose of removing the Baghdad regime. It is not, we repeat, a question of the kind of regime this is—"good" or "bad."

Our friend Patrick Cockburn from the British INDEPENDENT remarked sadly in this connection:

"This situation sometimes reminds me of 1914, when a major redivision of the world began."

We would note also that the Iraqis linked big hopes with our country's energetic efforts pertaining to a peaceful settlement of the conflict. The names of the participants in this large-scale diplomatic action were very popular in Baghdad....

### Iran

They were just recently enemies. The eight-year war between Iraq and Iran could not, of course, have been forgotten so soon on the land of ancient Persia. The more so in that the traces thereof—in the Iranian border area particularly—are distinctly visible still. A wide—up to several dozen kilometers—belt represents a zone of continuous (!) destruction and a dumping ground of smashed combat equipment, and there are military posts, barriers, garrison tent camps, tanks and trenches everywhere.

The recent enemies distrust of one another is so great that at the Khosravi border point, say, the neighboring countries' border detachments are almost one km apart and situated so that it is impossible to observe visually who is doing what.

Yes, we felt that the syndrome of that long war was firmly in Iranians' memory....

The East is a world apart, and we have seen for ourselves so many times how dangerous it is approaching evaluations thereof with the conventional yardsticks that are customary with us.

Having detailed to Baghdad a large group of its journalists, Iran followed Desert Storm most closely. The recent enemy attempted to become for its eastern neighbor, if not a military ally, at least a sympathizer, but Tehran, having from the very outset categorized the seizure of Kuwait as aggression, refused to jump aboard a train that would inevitably come to grief. The even-handed position adopted by the Iranian leadership was subsequently formalized in a policy of active neutrality, which, together with condemnation of the aggression, provided also for a demand concerning the impermissibility of the presence of foreign forces in the Persian Gulf.

A strategic forecast made by the Iranians last fall contained just one serious miscalculation: The high prices on the oil market capable, it was believed, of providing a powerful boost to the economy held up only through the end of last year. The West had learned the right lessons, seemingly, from the previous oil crises and now demonstrated a capacity for adapting rapidly to the new conditions. For example, the Americans began to release their

strategic oil reserves onto the market. Saudi Arabia was able to increase fuel production. Therefore, whereas the end of last year did produce for Iran several "spare" billions of dollars, it now prefers to talk about the losses that are possible in connection with the war.

The main concern is caused by fear, of course, of the military contingent of Americans lingering in the Gulf. It is feared here that a new, very dangerous spiral of confrontation could begin in this case....

Admittedly, we left Tehran with mixed feelings. Much appears incomprehensible here, and the current restrictions make life for the foreigner not at all easy. However, even the brief acquaintance with this country permits the indisputable conclusion that our southern neighbor is developing dynamically, is getting stronger and will in any event perform a big role in this part of the world. Which needs to be considered.

And there is one further thing about which we cannot remain silent: Many of the people we met—soldiers, mullahs, tradesmen, government officials, drivers—upon learning who we were, locked two fingers together: "Shuravi—dust"—"Soviet Union—friend."

Yes, this was a very strange war in many respects. The side that unleashed it could not have failed to have realized that it was doomed; nonetheless, it went to meet defeat with inexplicable stubbornness. The other side had no desire to see the white flag that was put out later and continued at no particular risk to itself, as if at training exercises, to bomb, surround and exterminate.

At the height of the combat operations, when the raids on Baghdad were particularly bitter, the Thousand and One Nights night club with a discotheque opened in the capital's Rashid Hotel—for those with thick wallets, evidently, who were bored with hiding in a bomb shelter. But the "feasting at a time of plague" did not eventuate: The club remained empty. It was at this time that the Near East was blanketed with its black wing by a shroud of smoke from the burning oil wells. Flourishing only yesterday, Iraq, which not without reason lay claim to the role of leader of the Arab world, has been sliding back increasingly toward the times of the "Thousand and One Nights."

#### **Former Indian Ambassador to USSR Views Gorbachev, Soviet Reforms**

91UF0510A Moscow IZVESTIYA in Russian 18 Feb 91  
Union Edition p 5

[Interview with T.N. Kaul, former Indian ambassador to the USSR and author of a book on the Soviet Union, by IZVESTIYA correspondent N. Paklin: "From Stalin to Gorbachev"]

[Excerpts] Delhi—..."From Stalin to Gorbachev and Beyond". This is the title of a book which has just been published in Delhi. The author of the book is the well-known Indian diplomat T.N. Kaul. He was first in

Moscow in the summer of 1947. He was sent to establish diplomatic relations with the Soviet Union by Jawaharlal Nehru before India had even gained independence. Subsequently T.N. Kaul twice lived for quite some time in our country, but as ambassador. Indeed, from Stalin to Gorbachev.

In his book T.N. Kaul not only describes the past and present but also tries to look into our future, still not comprehended by us ourselves. His view is that of a concerned individual. In the many years which he spent in our country he fell in love with it. T.N. Kaul's reminiscences make it possible to see the formation of Soviet-Indian relations from an angle different from that which we have been accustomed to in recent decades by our India specialists. [passage omitted]

T.N. Kaul came to our country as ambassador for the second time in 1986. He was persuaded to accept this appointment by then Indian Prime Minister Rajiv Gandhi. He gave the ambassador ministerial status. But T.N. Kaul himself was awaiting with interest yet another visit to the Soviet Union. This was for him, in his words, a new Russia.

"I had first seen M.S. Gorbachev in Paris in 1985. He was on a visit. His television speech made a strong impression on me. I thought that a new realistic politician had emerged in the nuclear age. I met Mikhail Sergeyevich directly in Moscow in August 1986. I explained to him the reasons why I had accepted Rajiv Gandhi's offer. He understood me and promised to help in every way. I perceived perestroika as freedom, democracy, and glasnost. Gorbachev had put forward a new concept of socialism. It was attractive to people. I would compare Gorbachev with Nehru, whom I continue to admire still. Gorbachev went to the people and began to talk with people sincerely, heart to heart. They both inherited difficult problems from the past. One of the main ones was bureaucratism.

"In India this meant the colonial administration, in the Soviet Union, the party administrative system. Nehru was not a dogmatic individual. Neither is Gorbachev. Both represent a mixture of realism and idealism. In my view, the situation in our countries is similar in many respects also. As in the Soviet Union, people in India are wrestling with the nature of relations between the center and the states (in your case, the republics). A new form of rule has been introduced in your country—presidential. India is experiencing a crisis of classical parliamentary democracy, under whose conditions some parties are proposing a switch to presidential rule. It is profoundly regrettable that violence born of separatism and extremism is taking place in a number of Indian states, as in a number of Soviet republics also. People are dying. There must be outside intervention in both our countries."

"And what are your forecasts for the future?"

"I am sure that the Soviet Union will ultimately solve its problems peacefully and democratically. But the search

for this solution will not be easy. Take economic problems. India has a mixed economy. We have state, cooperative, and private sectors. Hitherto you have had an economy which has been wholly controlled by the state. You have now adopted a policy of a market economy. But it needs to be clearly recognized that nowhere in the world is there a 100-percent free market. Even in the United States the economy is to a certain degree regulated by tax and other financial measures. The main feature of the market is competition. I believe that the Soviet Union will move toward a mixed controlled economy. It is important to create incentives for producers. How? Leaving at their disposal some of the product they manufacture. Planning should not be abandoned altogether, evidently. It will enable the whole people, its poorest section particularly, to enjoy the fruit of the country's socioeconomic development.

"The Soviet Union is currently experiencing hard times," T.N. Kaul continued. "It is paradoxical that despite a big harvest there is a shortage of food. What is wrong? Some people are blaming socialism. No, it is the management of the economy which is to blame. An abundant harvest rotted in the fields, it was not transported and gathered in. What has socialism to do with this? In my view, the main principle of socialism—to each according to his labor—has only been proclaimed in your country but not implemented. I am sure that your talented people will be able to provide themselves with all that they need and raise their living standard."

The departure of Shevardnadze from the office of USSR foreign minister was discussed in the interview. My interviewee has his own view of this:

"Shevardnadze is a clever politician. But he is by temperament more of a Europeanist. This was perhaps why his visits to Asian countries were not as successful as his trips to the West. But 60 percent of the population of our planet lives in Asia. And the Soviet Union is also a Eurasian power. I have a positive attitude toward the idea of a common European home, but today, it seems to me, it is only one of the international issues faced. I would emphasize the significance of the Vladivostok initiatives which M.S. Gorbachev presented in respect of the vast Asia-Pacific region. India evaluated them on their merits. Unfortunately, they were not supported by the United States, Japan and China."

Upon his retirement T.N. Kaul not only embarked on writing his memoirs and reflections, he decided not to walk away from vigorous political activity. I have just attended the presentation of the first issue of the journal *WORLD PROBLEMS*. Its chief editor is T.N. Kaul.

### Vladivostok, Niigata Sister-City Ties Viewed

91P50134A Moscow TRUD in Russian 21 Mar 91 p 8

["Mini-Interview" with Yu. Avdeyev, deputy chairman of the Vladivostok city soviet by TRUD social correspondent M. Kirpichenko in Vladivostok; date not given: "What Worries the Sister Cities"]

[Text] An agreement on establishing sister-city ties between Vladivostok and the Japanese city of Niigata has been signed. In this context, we ask Yu. Avdeyev, the deputy chairman of the Vladivostok city soviet, several questions.

[Kirpichenko] Not long ago almost every Soviet city had foreign sister cities; however, the cooperation between them, as a rule, did not result in any special progress. What is involved in your agreement?

[Avdeyev] It wouldn't be right to expect immediate results from this step. But we are already discussing with the Niigata envoys the issues of reconstruction of our airport and construction of a new hotel complex. These matters are not in the agreement, of course; only intentions to promote cultural closeness and the development of economic relations are expressed in it.

[Kirpichenko] Other Japanese cities wanted to sign an agreement with Vladivostok. Why was Niigata chosen?

[Avdeyev] There was no special consideration whatsoever here. Niigata is the closest city to us of those who proposed cooperation. Besides, the Niigata representatives were the most active. For example, they are the ones planning to create a company with authorized capital of 50 million dollars for capital investments in the USSR. But today there is already a number of questions connected with the regulation of union and republic legislation, and also with our biggest problem—the status of Vladivostok as a "closed" city. In short, the prospects for the agreement depend not only on us.



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